S. Hrg. 98-76

OCEAN AND COASTAL DEVELOPMENT IMPACT ASSISTANCE BLOCK GRANT ACT

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 800

TO ESTABLISH AN OCEAN AND COASTAL DEVELOPMENT IMPACT ASSISTANCE FUND AND TO REQUIRE THE SECRETARY OF COMMERCE TO PROVIDE TO STATES NATIONAL OCEAN AND COASTAL DEVELOPMENT AND ASSISTANCE BLOCK GRANTS FROM MONEYS IN THE FUND, AND FOR OTHER PURPOSES.

MARCH 17, 1983

Serial No. 98-15

Printed for the use of the Committee on Commerce, Science, and Transportation

U.S. GOVERNMENT PRINTING OFFICE
20-114 O WASHINGTON : 1983

5261-32

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OCEAN AND COASTAL DEVELOPMENT IMPACT ASSISTANCE BLOCK GRANT ACT

THURSDAY, MARCH 17, 1983

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met, pursuant to notice, at 1:30 p.m., in room SR-253, Hon. Bob Packwood (chairman of the committee) presiding.

Staff members assigned to this hearing: Dennis W. Barnes, staff counsel; William J. McCluskey, Jr., professional staff member; and Deborah J. Stirling, minority staff counsel.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. The hearing will come to order, please.

The majority of the energy which this Nation uses—for industry, consumer purposes, and national defense—is derived principally from oil and gas. In the last decade we have discovered how dramatically dependent we have become on outside sources for this energy. While we are currently enjoying some respite from the pressures of this dependence, we know that our vulnerability has not disappeared.

We will need as large a domestic supply of energy as technology and sound environmental policy can make available. One of those domestic sources exists offshore, beneath our Outer Continental Shelf.

Development of this energy resource will create special responsibilities for our coastal States, as development of our insular resources has created problems for our insular States, if their long-term economies, employment patterns, and coastal environments are to remain stable and not be affected adversely.

To this end, I have joined Senator Stevens, Senator Murkowski, and others in sponsoring legislation which will provide means by which the States can plan and meet these special responsibilities. The Ocean and Coastal Resources Management and Development Block Grant Act recognizes that it is the coastal States whose economies will have to change to accommodate the development of the oil and gas resources of the Outer Continental Shelf. We must anticipate the day when these nonrenewable natural resources will no longer be a source of employment and development for coastal economies.

The legislation which we have proposed would reserve to the coastal States a small portion of Federal revenues derived from leasing and production of Outer Continental Shelf oil and gas.

These funds are distributed in block grants by a formula which recognizes the special needs of those States which will be directly impacted in this development, as well as the common needs of all coastal States.

Recognition is also made that answers to many of the common problems of the coastal States will not come quickly or easily. For that purpose, the legislation provides for a National Coastal Resources Research and Development Institute. The bill recognizes there may also be a need for regional satellite research centers.

The National Institute will develop and conduct long-term research, education, and demonstration programs to promote the efficient and responsible development of ocean and coastal resources. These programs may include, for example, projects in the physical, life, and social sciences. The Institute will be located in Newport, Oreg., and be administered in affiliation with the Oregon Institute of Marine Science, a nationally recognized complex of marine science, education, and fisheries facilities.

There is an urgency about this legislation. The pressures for leasing and production of Outer Continental Shelf oil and gas resources will only increase in the future. Our coastal States need the capability to plan for the impacts of such development, while protecting their renewable coastal resources and preparing their economies for the future.

I thank Senator Stevens for his vision in helping with this legislation and the leadership he has given in cosponsoring it. I believe it is timely and responsive to the needs of our Nation and our coastal States.

Senator Stevens has an opening statement.

OPENING STATEMENT BY SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman. I am pleased that the committee is holding this hearing today on a matter which is of prime importance to our Nation's future domestic energy supply and precious ocean and coastal resources. Outer Continental Shelf revenue sharing legislation will invest a small portion of our OCS revenue receipts in coastal States to improve the evaluation and development of offshore resources.

The need to increase our utilization of the Outer Continental Shelf is obvious. This legislation does not just allocate funds for the development of energy related resources. It encompasses the contributions the OCS can make in the full use of our coastal resources such as the harvesting of our fisheries and the efficient use of our ports to increase exports.

The Congress has fashioned a series of policies and enacted a number of programs to address concerns generated by the multiple use concept of our Nation's coast. Wisely, Congress saw that State governments, guided by national policy, and in close cooperation with local governments, were the proper stewards and managers of the public trust in this area. Fisheries research and management, sea grant education, port development, coastal management, energy impact legislation, as well as general infrastructure development have all been federally established and financed. Importantly, they have been administered by the States according to each State's needs and priorities.

However, budgetary constraints now threaten the State/Federal partnership in its present form. With the spirit of new federalism, the State governments are being asked to assume a greater portion of national responsibilities. I believe the benefits of resource development must be shared along with assumed responsibilities.

The Outer Continental Shelf Revenue Sharing Act is an ideal way to achieve the balance of responsibility between the Federal, State, and local governments. OCS revenue sharing would compensate the States for the impacts of federally initiated development. It is only with regard to OCS oil and gas development that the Federal Government has yet to acknowledge that States need and deserve financial support to evaluate and cope with the effects of offshore development.

The bill is similar to what I introduced last year with 16 cosponsors. Among its most pertinent provisions, the bill provides first, insured source of funding; second, allocation of funds based on contribution to oil and gas leasing and production; third, recognition of other elements that determine coastal impact; fourth, funds to be oriented to OCS and coastal development research, education, and planning problems; fifth, flexibility for States and local governments to distribute funds according to their unique needs; sixth, passthrough of funds to local governments; and seventh, recognition of the national nature of the OCS by distributing minimum funding to all coastal States and territories.

In summation, Mr. Chairman, I believe this legislation could represent a showcase for Federal/State cooperation. It involves long-term fiscal prudence, balanced decisionmaking, and certainly new federalism. I am confident that if the funds are shared according to the precepts of this legislation, OCS receipts to the Treasury will indeed be increased. Moreover, a good working relationship between the sovereign States and local governments will be preserved.

The CHAIRMAN. Senator Hollings has an opening statement for the record. With that, I must recess the hearing for a moment to vote. I will be back in about 10 minutes and we will start with Mr. Peter Tweedt when I get back.

[Recess.]

[The statement and bill follow:]

OPENING STATEMENT BY SENATOR HOLLINGS

Mr. Chairman. I am delighted that we are holding a hearing on OCS Revenue Sharing legislation introduced by you and Senator Stevens. I have long supported the responsible and judicious use of mineral resources from the Outer Continental Shelf, and I continue to do so. However, it is also important that we allow the uses of the OCS to proceed with the full cooperation of the coastal states. These states are expected to bear additional responsibilities from increased offshore production, but they often do not have the funds to take on these tasks. It is necessary that coastal states affected by such leasing have some say in matters occurring off their respective shores, and for the coastal states to enjoy some of the fiscal benefits from oil and gas production. Commensurate with this, it is extremely important that certain Federal-State program efforts which give both the coastal and ocean management flexibility and the scientific research and development background to the coastal states be continued. The administration, although proceeding with a 5-year oil and gas leasing program in our offshore areas, is, at one and the same time, attempting to eliminate or severely cut ocean and coastal research and management programs that are even more important in a time of increased offshore mineral production. Programs such as Sea Grant, Coastal Zone Management, living marine resource research and management, and the coastal energy impact program, work hand-in-hand with OCS oil and gas development. These programs ensure thoughtful, responsible, and efficient use of our resources, all of which are most definitely in the national interest. It may be useful to point out here that in almost every coastal state with an approved Coastal Zone Management program—and that is all but a handful—the permitting process is managed through the state coastal zone management program. If these programs are allowed to lapse because of the administration's apparent commitment, in its impressive ignorance, to kill this program, I suspect that the delays that could affect the private sector would be quite costly.

Last year I sponsored S. 2792 with Senator Stevens on OCS Revenue Sharing. I was not completely satisfied with that bill from my policy perspective, nor was Senator Stevens from his, I might add. And although I and others had succeeded at staff-level negotiations by the end of the year in ridding that bill of its entitlement, I feel strongly that we should begin by seeing that the appropriations process is in the legislation this year. At a time when we clearly need to establish and maintain close scrutiny of our Federal programs, an entitlement would take this power away from the Congress and from the public. It is my view that only if we appropriate funds for this legislation can we maintain responsiveness to the changing needs of our coastal and ocean areas, and provide adequate oversight of these programs. I feel S. 800 is deficient in this respect.

Last year, I felt there was insufficient earmarking to direct funds to specific statutory programs. The same is true of S. 800 this year. It is essential that a certain level of funding be directed to those programs that are going to benefit the future of coastal resources of both the states and the nation. For these reasons, I will be submitting legislation on OCS Revenue Sharing that incorporates these concepts as well as several others, within the next few days.

In the meantime, Mr. Chairman, I am pleased that we are having a hearing on this subject today, and want the record to show that I support the concept of revenue sharing.

II

98TH CONGRESS
1ST SESSION

S. 800

To establish an Ocean and Coastal Development Impact Assistance Fund and to require the Secretary of Commerce to provide to States national ocean and coastal development and assistance block grants from moneys in the Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 7), 1983

Mr. STEVENS (for himself, Mr. PACKWOOD, Mr. MURKOWSKI, and Mr. GORTON) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation.

A BILL

To establish an Ocean and Coastal Development Impact Assistance Fund and to require the Secretary of Commerce to provide to States national ocean and coastal development and assistance block grants from moneys in the Fund, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Ocean and Coastal Development Impact Assistance Block Grant Act".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) it is in the interests of the Nation, for both economic and national security reasons, to provide expeditous and orderly development of Federal Outer Continental Shelf oil and gas resources;

(2) such development may cause adverse impacts throughout the Nation's coastal areas and require States to assume additional responsibilities at a time when they do not possess financial resources adequate to respond to current economic and natural resource management dislocations;

(3) since the revenues of the Outer Continental Shelf are derived from the development of nonrenewable offshore mineral resources, they should be invested in ocean and coastal resource management and scientific research efforts to enhance the use, conservation, and understanding of coastal and ocean renewable and other natural resources;

(4) the Mineral Leasing Act of 1920 and other Federal lands leasing programs presently provide for compensation to States affected by resource development on interior Federal lands, while no comparable Federal program exists to compensate coastal States affected by mineral extraction from the Outer Continental Shelf;

(5) without Federal financial support, the capability of coastal States to manage ocean and coastal resources, as well as to participate as partners in the Outer Continental Shelf oil and gas leasing program, will be seriously diminished; and

(6) it is in the national interest to maintain support for State management of ocean and coastal resources through programs in fishery management, coastal zone management, coastal energy impact, long-range scientific research infrastructure development, and other natural resource management efforts.

DEFINITIONS

SEC. 3. For purposes of this Act, the term—

(1) "coastal State" means any State of the United States in, or bordering on, the Atlantic Ocean, the Pacific Ocean, the Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(2) "coastal territory" means any of the following: the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, or American Samoa;

(3) "State" means any coastal State or coastal territory;

(4) "Outer Continental Shelf" means all submerged lands lying seaward and outside of the area of "lands beneath navigable waters" as defined in section 2(a) of the Submerged Lands Act (43 U.S.C. 1301(a)), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control;

(5) "Secretary" means the Secretary of Commerce;

(6) "local government" means that term as defined in section 304(11) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); and

(7) "tract" means the geographic and legal extent of a single lease area identified by the Secretary of the Interior which is within the Outer Continental Shelf.

OCEAN AND COASTAL DEVELOPMENT IMPACT ASSISTANCE FUND

SEC. 4. (a) There is established in the Treasury of the United States a fund to be known as the Ocean and Coastal Development Impact Assistance Fund (hereinafter referred to as "the Fund").

(b) Beginning in fiscal year 1983, the Secretary of the Treasury shall—

(1) pay into the Fund not later than the end of each fiscal year an amount equal to 5 per centum of all

sums deposited in the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) during each fiscal year; and

(2) determine for the preceding fiscal year the amount of money deposited into the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) derived from the bonus revenues from each tract, and maintain for each tract an account within the Fund corresponding to bonus revenues derived from each tract leased after October 1, 1983.

OCEAN AND COASTAL DEVELOPMENT IMPACT ASSISTANCE BLOCK GRANTS

SEC. 5. (a) For fiscal year 1984 and for each subsequent fiscal year, the Secretary shall provide to each State an Ocean Development Impact Assistance block grant.

(b) No State may receive a block grant for a fiscal year unless such State has submitted to the Secretary a report for such fiscal year which—

(1) specifies the allocation by such State of the block grant among coastal zone management activities; coastal energy impact activities; living marine resource activities; and natural resources enhancement, re-

search, infrastruction development, education, and management activities pursuant to section 6(a); and

(2) describes each activity receiving funds provided by the block grant.

(c) No block grant shall be paid from the Fund to a State until the State has created a trust for the receipt of such block grant.

(d) The amount of each block grant provided under subsection (a) for a fiscal year to a State shall be determined by the Secretary under a formula established by the Secretary which gives—

(1) to each coastal State with a coastal management program approved pursuant to the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.) one and one-half per centum of the amount of the Fund for that fiscal year; and

(2) to each State an amount from the remainder of the Fund determined by the Secretary under a formula established by the Secretary which gives the following per centum consideration to each of the following criteria:

(A) a 25 per centum consideration for the amount of oil or gas produced during the previous fiscal year in which the State had an interest, pursuant to subsection (j);

(B) a 25 per centum consideration for the amount of bonus revenues that were received in the fiscal year prior to the fiscal year of disbursements from the Fund which were derived from tracts in which the State has an interest pursuant to subsection (a);

(C) a 25 per centum consideration for the amount of coastal population of the State; and

(D) a 15 per centum consideration for the shoreline mileage of the State.

(e) Subparagraphs (C) and (D) of subsection (d)(2) shall apply only if the State has a management program which is approved under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(f) If, after the calculations required under subsections (d), (f), and (g), any State would receive an amount which is less than one-half of 1 per centum of the Fund in a fiscal year, the Secretary shall increase the amount to such States to one-half of 1 per centum of the Fund for that fiscal year.

(g) If, after the calculations required under subsection (d), any State would receive an amount which is more than 6 per centum of the Fund in a fiscal year, the Secretary shall reduce such States shares as follows:

(1) for any State calculated to receive an amount greater than 6 per centum and less than 10 per

centum of the fund in a fiscal year, such States shall receive an amount of the Fund equal to 6 per centum plus three-fourths of their respective calculated amount greater than 6 per centum; and

(2) for any State calculated to receive an amount equal to or greater than 10 per centum of the Fund in a fiscal year, such States shall receive an amount of the Fund equal to 10 per centum plus one-third of their respective calculated amount greater than 10 per centum.

(h) The amount of the Fund in a fiscal year which is reduced from any State pursuant to subsection (g) shall be shared proportionally with all States which did not receive reduction, subject to subsection (i).

(i)(1) For purposes of this subsection, the term "share proportionally" means an increase in a State's block grant in proportion to such State's allocation calculated under subsection (d), as compared with all other eligible States which did not receive reduction pursuant to subsection (g).

(2) The proportionate sharing of reduced funds with all eligible States shall be done on a reduced-State-by-reduced-State basis, sharing first the amount from the State with the smallest reduction required by this section.

(3) Any State which did not receive reduction of its amount of the Fund in a fiscal year pursuant to subsection (g)

shall be eligible to receive proportionally shared funds in a fiscal year if, prior to receipt of its share of any one State's reduced funds pursuant to paragraph (2), its total share of the Fund remains less than 6 per centum of the Fund.

(4) The Secretary shall reduce proportionately the block grants of all other States that are eligible to receive an amount that is greater than one-half of 1 per centum of the amount of the Fund.

(5) For purposes of this subsection, the term "reduce proportionately" means a reduction of a State's block grant in proportion to such State's allocation calculated under subsection (d).

(j) For purposes of this section, a State has an interest in a tract if any part of the tract is within a linear distance of two hundred and fifty nautical miles from the base line from which the territorial sea is measured, as provided for in the Convention on the Territorial Sea and the Contiguous Zone (15 UST 1606; TIAS 5639).

(k) For those tracts in which more than one State has an interest pursuant to subsection (d), each State shall have a per centum interest inversely proportioned to the relative distance between the closest point on the base line of each State to the closest part of such tract.

REQUIREMENTS ON THE USE OF BLOCK GRANTS

SEC. 6. (a) Block grants provided to a State pursuant to this Act and any incomes derived from such block grant shall be used for each of the following Outer Continental Shelf and coastal development and management activities:

(1) living marine resources, including fisheries, research, management, and enhancement;

(2) coastal management planning and implementation, as provided for under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

(3) assessment and mitigation of impacts resulting from Outer Continental Shelf or other energy activities;

(4) long-range coastal and ocean research and education, and natural resource management; and

(5) capital infrastructure necessitated by coastal energy development activities, as provided for pursuant to the Coastal Zone Management Act of 1982 (16 U.S.C. 1451 et seq.).

(b) No less than 40 per centum of the block grant which each State receives pursuant to this Act shall be provided by each such State to its local governments to carry out the activities provided under subsection (a).

(c)(1) The Secretary shall by contract establish a National Coastal Resources Research and Development Institute (hereinafter in this section referred to as the "Institute") to be administered in affiliation with the Oregon Institute of Marine Science.

(2) The Institute shall conduct research, education, and demonstration projects designed to promote the efficient and responsible development of ocean and coastal resources, including arctic resources, and the economic diversification of our Nation's coastal areas. Included in such projects are biological, geological, genetic, and other scientific research applicable to the purposes of this section.

(3) The Secretary shall conduct an ongoing evaluation of the activities of the Institute to ensure that funds received by the Institute under this Act are used in a manner consistent with the provisions of this section.

(4) The Institute shall report to the Secretary on its activities within two years after the date of enactment of this Act. Such report shall include recommendations as to the desirability of establishing satellite regional centers on the Atlantic Coast, Gulf of Mexico, Great Lakes, and Alaska. No more than one such center shall be established in any region.

(5) The Secretary shall, in fiscal year 1984 and each fiscal year thereafter, make available to the Institute from the Fund an amount equal to 1.5 per centum of the amounts deposited in the Fund for that fiscal year. Such funds shall be disbursed to the Institute by the Secretary of the Treasury:

Provided, That, upon the addition of any regional center or centers, the Secretary shall make available from the Fund an amount not to exceed 3.0 per centum. In no case shall the Secretary provide greater than 2.5 per centum for the purposes of this subsection.

(6) The Comptroller General of the United States, and any of his duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the Institute that are pertinent to the funds received under this section.

(7) Employees of the Institute shall not, by reason of such employment, be considered to be employees of the Federal Government for any purpose.

ASSESSMENT AND AUDIT

SEC. 7. (a) Under regulations promulgated by the Secretary, any State receiving a block grant for a fiscal year under section (5)(a) must submit to the Secretary an assessment of the opening and closing balance of the trust fund established pursuant to section 5(c), and of the receipt and the expenditure of funds provided by the block grant and the income derived on the Trust Fund for each State fiscal year in which the State received a block grant pursuant to this Act within one hundred and twenty days following the close of such State fiscal year.

(b) Each assessment submitted by a State for a fiscal year under subsection (a) must contain an audit of all funds provided by the block grant received by such State for such fiscal year. Any audit contained in an assessment pursuant to this subsection shall be conducted by an entity which is independent of any agency or official administering or using moneys provided by such block grant and shall be undertaken in accordance with generally accepted accounting principles.

(c) Not later than ninety days after receiving a State's assessment, the Secretary shall make a preliminary evaluation of each assessment submitted pursuant to this subsection. If the Secretary determines in the preliminary evaluation of a State's assessment that all or any part of the block-grant funds have not been used as required by this Act, the Secretary shall publish notice in the Federal Register of this finding. Not later than sixty days after publication of such notice, the State shall be provided an opportunity for a hearing. Not later than one hundred and fifty days after publication of such notice, the Secretary shall make a final determination. If the final determination is that all or any part of the block-grant funds were not used as required by this Act, the Secretary shall provide in writing to the State the reasons for the determination and the amount of funds misused. The Secretary shall withhold from a State's future block grants an amount equal to that determined to have been misused pursuant to this subsection.

(d) The determination of the Secretary pursuant to this section shall be subject to judicial review only by an action brought by the State or local government, or both, concerned in the United States district court for the district of that State.

(e) Any amount withheld pursuant to subsection (c), upon completion of judicial review if applicable and if favorable to such withholding, shall be returned to the Fund by the Secretary.

RULES AND REGULATIONS

SEC. 8. The Secretary shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, port authorities, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this Act.

The CHAIRMAN. The committee will come to order.

Before we hear from Mr. Tweedt, I would like to call on Senator Murkowski, who has joined us and has an opening statement.

STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. Thank you very much, Mr. Chairman. I appreciate the opportunity and I am pleased to participate in this hearing on the vital issue of the Outer Continental Shelf revenue sharing. As both a Senator from the State which has 70 percent of the Nation's total OCS acreage and a member of the Senate Energy Committee, I have an understandable interest in this issue.

Five basic premises have led me to the conclusion that this Congress must move to enact S. 800 as an OCS revenue sharing measure:

First, there is the question of equity. Federal OCS activity is the only Federal resource development program which does not provide direct compensation to the States impacted by the development activity, and that is important in our State. Other Federal resource programs, such as the Mineral Leasing Act, the Taylor Grazing Act, payments in lieu of taxes, PILT, et cetera, share up to 50 percent of Federal receipts with affected inland States.

Coastal States, however, which bear almost all the burdens of OCS activities, receive no direct revenue sharing, even though the Nation as a whole shares in the benefits of increased oil and gas supplies and greater independence from expensive and unreliable sources of energy. S. 800 will begin to remedy this inequity.

Second, Secretary Watt's accelerated OCS leasing schedule has run into steady opposition from affected States. While few deny the need to expand our utilization of the OCS as a domestic energy source, the accelerated schedule, along with Federal budget cutbacks, have done little to resolve the fears of coastal States over the magnitude, timing, and potential impact of OCS development.

S. 800 will remove fiscal disincentives to leasing for States and local communities and enable them to participate in leasing decisions on the basis of trust and local preparedness.

Third, the entire State/Federal partnership of ocean and coastal issues has suffered, certainly, in recent years. The spirit of new federalism as it applies to ocean and coastal policy must wisely seek to build on a carefully woven national policy framework where Federal ocean and coastal policy provides national direction and States provide the appropriate administrative implementation.

S. 800 insures that all coastal States have adequate fiscal resources and appropriate discretion to preserve, continue, and build upon this successful State/Federal partnership.

Fourth, the programs and activities which form the basis of the partnership will be continued by this proposed legislation.

Finally, the nonrenewable energy provided by the OCS can provide a revenue base to insure the renewable resources of our Nation's coastal areas are managed wisely. Also, those aspects of our coastal areas which could potentially have competing and conflicting use demands, be it from OCS activity, population, transportation, recreation, tourism, or whatnot, can be addressed more fully using the funds provided by S. 800.

In summary, the enactment of this bill allows us to develop our OCS responsibly, building on the experience developed from the Federal/State ocean policy partnership which has already begun, but must be maintained. S. 800 provides the funds necessary to solve existing problems and prepare for future possibilities. Properly constructed revenue to the States can turn uncompensated risks into balanced opportunities.

I look forward, Mr. Chairman, to the witnesses, and I thank you for the opportunity.

The CHAIRMAN. Thank you, Frank. We are delighted to have you with us.

Mr. Tweedt, go ahead.

STATEMENT OF PETER TWEEDT, ACTING DIRECTOR, OFFICE OF OCEANS AND COASTAL RESOURCE MANAGEMENT, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Mr. TWEEDT. Thank you, Senator.

If I may, I will summarize the written statement we have submitted.

The CHAIRMAN. Thank you.

Mr. TWEEDT. I will try to summarize briefly the reason for the administration's opposition to S. 800. First let me touch on the matter of OCS impacts. As you know, OCS activity takes place entirely outside State jurisdiction. It is at least 3 miles from the nearest State boundaries, on submerged tracts totally controlled by the Federal Government and administered for the benefit of the Nation as a whole.

Under such conditions of physical separation, the effects of extractive and other activities on State air and water quality and other resources are greatly minimized. The growth problems many originally feared might result from coastal-related oil and gas development are no longer apparent.

Other than Alaska, the regions to be impacted already have a sizable population base along the coast. While States have not been permitted to tax OCS oil and gas production directly, they can and often do impose sales, excise and property taxes on supporting onshore activities and facilities, including the storage of oil and gas.

Although OCS-related activity may generate a need for more elaborate public facilities and services, the capital-intensive onshore support for OCS oil and gas activity will provide a significant source of direct and indirect revenue to State and local governments. Studies of OCS and other extractive operations indicate that the long-term benefits of such development substantially outweigh the startup costs. Energy development can bring with it economic prosperity in the form of higher employment, augmented income, and an expanded tax base.

S. 800 would create an entitlement for certain States to specific funds through the creation of the Ocean and Coastal Development Impact Assistance Fund. Setting aside Federal revenues for specific purposes without allowing competition in the budgetary and appropriation process limits the flexibility of the President and the Congress in matching resources to current priorities and national goals.

Bypassing the appropriations process through permanent creation of such a fund gives certain programs claims on Federal resources which other Federal programs would not enjoy. The administration's position is that all Federal programs should compete equally for limited budgetary resources. Programs should be evaluated on the basis of individual merit, in accordance with budget priorities.

S. 800 would provide Federal OCS revenues for marine and coastal management programs for which Federal funding is being phased out by the administration because these programs are sufficiently successful to be returned fully to the States. By continuing Federal funding, S. 800 would boost Federal expenditures and thereby aggravate Federal deficits, in direct conflict with the President's economic recovery program and budgetary policy.

The administration is opposed to the effect of certain formula factors which give substantial bonuses to States with federally approved CZM programs, many of which would be unaffected by OCS development, such as Hawaii or the Great Lakes. Assuming 5 percent of fiscal year OCS receipts produced $500 million for the fund, over $300 million would seem to be allocated as an incentive for having an approved CZM program, compared to only $150 million allocated on the basis of OCS activities.

The administration also opposes the creation of the National Coastal Resources Research and Development Institute, believing that the activities of the Institute should best be financed by the private sector.

Finally, S. 800 would require the Department of Commerce to raise its budget to administer the program, which would further increase the cost of government.

Thank you.

The CHAIRMAN. Mr. Tweedt, through your testimony there runs the thread that the effects on coastal communities of Outer Continental Shelf development will be relatively minor. Am I correct?

Mr. TWEEDT. Yes.

The CHAIRMAN. What evidence do you have, what studies do you have, to lead you to that conclusion?

Mr. TWEEDT. There was an extensive study done, Senator, by HUD a couple of years ago that supports that. There were also studies done by the GAO and API.

The CHAIRMAN. By whom?

Mr. TWEEDT. The American Petroleum Institute. It shows the increase in the tax base from OCS-related activities as opposed to other business activities.

The CHAIRMAN. What contact have you had with the coastal States on this legislation and how do they feel about your feeling that the effects are relatively moderate?

Mr. TWEEDT. My office deals directly with coastal State officials who administer the coastal zone management program. The coastal zone management program officials in the States, I would say, are very strongly supportive of revenue sharing.

The CHAIRMAN. Strongly?

Mr. TWEEDT. Supportive of revenue sharing.

The CHAIRMAN. And this bill, by and large.

Mr. TWEEDT. I will not try to speak for their organizations. I am followed by them.

The CHAIRMAN. Let me ask you this. Do they agree with your conclusion that the effects are relatively minimal on the coastal States of coastal zone development?

Mr. TWEEDT. There again, I would not try to speak for them.

The CHAIRMAN. You do not have to speak for them. When you have talked to them, what have they said to you?

Mr. TWEEDT. Their concern is basically for the phaseout of Federal funds for their program, which is a program that gives 80 percent matching grants. We, the administration, feel that those programs are significantly successful to be carried by the States. That is the basic disagreement, I believe, with the coastal States' program managers.

The CHAIRMAN. The administration is opposed to this whether it goes through the appropriations process or not, are they not? Is that not the principal thrust?

Mr. TWEEDT. We are very concerned with the effect on the Federal budget deficit.

The CHAIRMAN. I understand that. But their opposition would be just as intense if this went through the appropriations process rather than the present process the bill envisions?

Mr. TWEEDT. Yes.

The CHAIRMAN. In theory, how does this bill differ in its effect on coastal States from the roughly $230 million in grants to States impacted by Federal surface mining operations to take care of the problems caused in those States by the surface mining obligations?

Mr. TWEEDT. There are some differences. The surface mining proposal is similar to the 1970 Mineral Leasing Act. The split, as you pointed out, is 50 percent. It does not just go to inland States. About a third of the States that receive funds are coastal States.

Second, that act as I understand it was passed in 1920 and the purpose was to encourage development. The Coastal Zone Act was not designed to encourage development.

The CHAIRMAN. You miss the point of my question. I understand the Coastal Zone Act was not designed to promote development, but the money that now goes to those States where you have surface mining is to offset problems caused in those States by the mining.

Mr. TWEEDT. That is what I was trying to address.

A third factor is, on the onshore development, the land that is federally owned, if it were not federally owned it would certainly be in the tax base of that State. The OCS would not be in the tax base of the States because the States——

The CHAIRMAN. It depends. It can be, because the Federal Government in essence decided for itself. Now, especially with the new declaration that we are going out to the 200-mile zone, you are saying the States cannot do it because the Federal Government has. Indeed, assuming you were going to have a 200-mile zone and the Federal Government said, we will not make that an exclusive Federal zone, my hunch is the States would have a legitimate right to claim it. But you have preempted it.

Mr. TWEEDT. There were court cases in the early fifties after the Truman doctrine that decided the first 3 miles were State waters and the waters from there on out——

The CHAIRMAN. I understand that, but those were international waters at that time. We have gone from 3 miles to 12 miles, and we are almost going to 200. We are going not just for fishing to 200 miles, but if the administration's policy is followed we will go to 200 miles for mineral development.

If the Federal Government had not claimed that for itself, then would not the States get to claim it for themselves?

Mr. TWEEDT. No, I do not think so.

The CHAIRMAN. I do not follow your reasoning. The Federal Government announces, we are going to 200 miles, these are American waters. We are a Federal system. The U.S. Government, having chosen to go to the 200-mile limit for the purposes of the U.S. jurisdiction, has an option whether or not it wants to allow the Federal Government or the State to have the benefit of that 200-mile zone and the minerals in it, do they not?

Mr. TWEEDT. They certainly do have the benefit, because OCS funds benefit all 50 States. It is not money that goes into some private fund. It goes into the Federal Treasury and benefits all 50 States.

The CHAIRMAN. Senator Murkowski, we operate on a 5-minute limit and then we go around and around. So you go ahead.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Tweedt, I could not help but note in your remarks that you excepted Alaska from one of the areas with population along the coastal areas. As you and I both know, with some 3,800 miles of coastline we do have a significant amount of undeveloped area.

But your reference to excluding Alaska escapes me, and I must question the wisdom of the administration, because in reality 20 percent of the domestic oil production in the United States is coming from Alaska, and to simply oppose this and offhandedly refer to the fact that Alaska is an exception, but is not really worthy of some consideration, I think is a bit derelict on behalf of the administration.

Not only is 20 percent of the domestic oil produced in the United States coming from Alaska, but it is estimated up to 50 percent might come based upon the finds that have been made. And as a consequence, I guess I am a little sensitive to arbitrarily being left out when, as I have indicated in my opening remarks, this particular legislation is very meaningful to our State. And I think we deserve some consideration based upon our contribution to our energy efforts to create energy independence.

Mr. TWEEDT. The reference to Alaska was simply to point out that State does not have the population the other States do.

Senator MURKOWSKI. So it might be an exception, but it is not given any consideration?

Mr. TWEEDT. I think you are carrying my remarks a step further than I intended, Senator.

Senator MURKOWSKI. I am perhaps drawing a general conclusion. The first concept, of course, in my mind is the question of equity. Is there any policy reason why Federal OCS activity is the only Federal resource development program that does not provide direct compensation to States impacted by the development activity?

Mr. TWEEDT. As I said earlier, it provides compensation to all 50 States that share in the resources.

Senator MURKOWSKI. I know that, but we are talking about OCS impact here, and you and I both understand what is associated with that. The fact that we do not have the population and do not have the infrastructure for the impact, should it occur, I think provides us a basis for some consideration. Would you agree?

Mr. TWEEDT. There are two kinds of impact: the impact from an oil spill or a blowout, which everyone is concerned about, and those impacts would be addressed by title VIII of the OCS Lands Act. Another type of impact, the socioeconomic, we feel would be addressed by the tax base that would be created, and second by the fact that this bill does not directly aim at the OCS-related States, but rather has a bonus for States that have approved CZM programs, many of which would probably never have an OCS program.

Senator MURKOWSKI. Well, I do not think that really concerns the area of questioning that I am attempting to get at, and that is specifically the realization that we do not have the population, we do not have the capability of responding to the impact that certainly will occur, and yet on behalf of the administration there seems to be no recognition of that. And very frankly, I feel that is not only unfair but unrealistic in view of the contribution we are making. Again, our State is 20 percent of domestic oil production in the United States.

So, Mr. Chairman, this one Senator is expressing his dissatisfaction with the administration's position on this, because I think it lacks continuity in recognizing Alaska is an exception and in one breath they make no exception for the realistic situation that occurs with 3,800 miles of coastline.

In this policy Secretary Watt has established, we are left hanging, like we usually are when we are not even included on the map.

The CHAIRMAN. I sense that the other Senator who has arrived may share your opinion.

Ted.

Senator STEVENS. You are a master of understatement, Mr. Chairman. I thank you for inviting me to the hearing.

I am disappointed to hear the position taken by the administration. Is there any alternative that is going to come from you?

Mr. TWEEDT. No, sir. The position of the administration is that we are opposed to OCS revenue sharing, and the primary consideration is the effect on the Federal deficit.

The CHAIRMAN. Before you got here, in fairness, they also said they would be opposed to it if it was straight out of appropriations and not revenue sharing.

Senator STEVENS. You know, we have 70 percent of the Outer Continental Shelf and we have never had any drilling there yet that has been successful. What is going to be your stimulus to get them there to be successful?

Mr. TWEEDT. I do not follow your question.

Senator STEVENS. We have not had any production from the Outer Continental Shelf. Seventy percent of all the Outer Continental Shelf is off Alaska and there has been no production. Basically, the reason is that people in rural Alaska oppose it.

Take anyone who even wants to bid on it. They have put out almost $300 million and they will be tied up in court for several years.

Why should people who live in rural Alaska assume this risk, people who live in a total subsistence economy and subsist primarily on the sea? Why should they take this risk on behalf of the Nation if there is no consideration at all of the onshore impacts of the offshore development that could well affect their livelihood?

Mr. **Tweedt**. Two things. This bill places a greater emphasis on coastal zone management activities than it does on OCS activities. As I pointed out before you got here, States that may never have OCS activities, such as Hawaii or the Great Lakes, are included in this program.

Senator **Stevens**. Let me interrupt you. We are sort of at a loss to try to get a bill passed for the one State that has 70 percent of the OCS. We think we might get some assistance from all the coastal States if we plan a program that will assist them too. We are pragmatically and politically honest, all right?

Mr. **Tweedt**. I am trying to be just as honest and give you the reasons the administration opposes the bill.

Senator **Stevens**. I will get back to my question. How will you get development on the Outer Continental Shelf?

Mr. **Tweedt**. I was about to make the second point I wanted to make, which is that California has a long history of its own tidelands oil program. It has produced significant income for the State, so they are well aware of the benefit of tideland and off-shore oil activities. California has had some significant lawsuits which have held up OCS activities.

So, I do not know how you can draw the automatic conclusion that revenue sharing would relieve the States' interest in seeking legal action relative to the OCS.

Senator **Stevens**. You are absolutely right there, but on the other hand, unless there is some indication that the Federal Government acknowledges the on-shore problems of off-shore development, there is no alternative but to pursue those legal remedies, is there?

Mr. **Tweedt**. Well, certainly, the OCS Lands Act addresses any impacts created by any kind of an accident.

Senator **Stevens**. What does it do to build docks, roads, schools, airports, or to take care of the problems of those people who, as I said, subsist from the marine life? Sure, it will clean things up if there is a spill, but what does it do, really, to get them any kind of insurance policy?

Mr. **Tweedt**. The OCS Lands Act obviously does not provide for building roads, or the other examples you cited. However, the Coastal Zone Management Act, if you look over the history of its funding from 1977 through 1980, 40 to 45 percent of the funds distributed under that act went to planning and regulatory administrative activities.

There were no roads built with coastal zone management funds.

Senator **Stevens**. I will remind you those were my amendments. There were two successive amendments, one for onshore impacts.

The other dealt with planning grants. As a matter of fact, the money that came to my State for the first category had to be returned because we never got to the point where we could expend them.

I am sure as you look at it you will recall that my State returned the money it got from the Federal Government because we never really had development come about. In the one instance, development never occurred.

Now we have two sets of areas, if you will excuse me a bit further here. We had two areas, the Beaufort Sea and Norton Sound, now proceeding for OCS. Both are tied up in litigation, and I predict both will be stalled by litigation. So I will advise this administration, as I have a series, to look at their cards and realize the people who live in these rural areas have rights. They have rights that the people in California do not have. The people in California do not live off the sea.

These people in rural Alaska do, and I think the courts will sustain their rights, and I think they will maintain that, pursuing their rights until they know they have an insurance policy, until they know they will participate in development and have some pass-through funds from development to help them deal with their onshore problems, and until they see themselves connected somehow with the future of OCS.

Thank you, Mr. Chairman.

The CHAIRMAN. I will tell you what I think the problem is. You are faced with an administration that thinks all water comes in swimming pools, and it does not.

Mr. TWEEDT. Senator, I really must disagree with that.

The CHAIRMAN. You are cutting the sea grant to zero. You are cutting the coastal zone management to zero. You want to cut fisheries 40 percent. You are trying to stop the use of the SK funds directed by this Congress last year.

What do you expect from the coastal States who have a heavy involvement in fishing or Outer Continental Shelf development? What do we see when we see a PIC program to rescue farmers, and I have plenty of farmers in Oregon, to rescue farmers when you are cutting, cutting, slashing, slashing fisheries, and anything that relates to water? What are we to think?

Mr. TWEEDT. You may draw whatever conclusion you like, but I think to characterize this administration as being concerned only with swimming pools is totally rediculous.

The CHAIRMAN. I did not say their only concern was with swimming pools. This committee has listened for 3 days now to different kinds of testimony involving the sea in one form or another, whether it is development of oil and gas or fishery resources or coastal zone management or the sea grant program. And the policy of the administration is to do everything they can to gut it, and if they cannot gut it by authorization, they want to gut it by appropriation.

You say I can draw whatever conclusion I want. I must draw the conclusion that for some reason, they want to treat marine programs differently. I do not know why, but clearly that is their recommendation.

Senator **Stevens**. If you would yield, I do not understand why they do, either. Fifty percent of the population of the United States lives within 50 miles of a coastline, and by definition, the interest of the Federal Government ought to be in the area of that population, as far as what affects their livelihood, and the future of the oceans affects this country more than any country in the world. We are seemingly turning our back on the programs we have worked on.

I worked on them as a member of this committee now for 13 years. I was gone for 2 years. There is an emasculation going on in things we have worked on, and I frankly do not understand it, and I am most supportive, Mr. Chairman, of what you are trying to do to turn it around, and I think it will be turned around. We will just not permit that kind of abandonment of the concern that has been expressed for the ocean.

This basic question here is concern for people who live by the ocean.

The **Chairman**. You know, the other question that intrigues me, each time you ask—Dr. Byrne was here last week. Each time you ask, who will pick up the cost of these damages if they happen to be from any oil or gas exploration, pick up the cost of the sea grant or the coastal zone development, it is the States. All the States are going to pick it up.

And you say, which States? What State has any money? What will happen when you have a State with a sea grant program and you cut the Federal Government part in half? The State will cut its half. They will not pick up the other half. They will drop it. They are looking for ways to save money.

What percentage of our fishery resources, the world's fishery resources are within our 200-mile zone?

Senator **Stevens**. We are catching 43 percent of the fish for the United States off Alaska now, and I think the greatest remaining untapped protein base in the world is the Bering Sea.

The **Chairman**. We said there was a $3 billion balance of trade deficit in fishery products. We have a great natural resource off our shores. Not only is nothing spent to develop it, but it is cut, slashed, and trimmed.

I have no further questions.

Frank.

Senator **Murkowski**. I have no further questions.

The **Chairman**. Ted, any more?

Senator **Stevens**. No further questions.

The **Chairman**. Thank you.

Mr. **Tweedt**. Thank you, Senator.

[The statement follows:]

STATEMENT OF PETER TWEEDT, ACTING DIRECTOR, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman, Members of the Committee: I appreciate the opportunity to present the Administration's position on S. 800, a bill "to establish an Ocean and Coastal Development Impact Assistance Fund and to require the Secretary of Commerce to provide to States national ocean and coastal development and assistance block grants."

S. 800 establishes an Ocean and Coastal Development Impact Fund (Fund) by providing for an annual deposit of 5 percent of Outer Continental Shelf revenues during each fiscal year, beginning in fiscal year 1983. No appropriations from the Fund are required. From the Fund, the Secretary of Commerce would allocate block grants to states annually by a formula based on adjacent oil and gas production, bonus revenues from adjacent OCS tracts, and for states with approved coastal zone management (CZM) programs, shoreline mileage and coastal population.

The block grants may be used for Outer Continental Shelf and coastal development and management activities, including management of living marine resources, planning and implementing coastal management, assessing and mitigating energy impacts, education and research, and capital infrastructure necessitated by coastal energy development activities. States are required to pass forty percent of funds to local governments to carry out the listed activities, but states are not required to spend any specified percentage on any one of the listed activities.

S. 800 also directs the Secretary of Commerce to establish a National Coastal Resources Research and Development Institute by contract to be administered in affiliation with the Oregon Institute of Marine Science. The Institute will receive 1.5 percent of the amount deposited in the Fund unless a satellite regional center is established by the Institute; in that case the Institute would receive 3 percent of the Fund.

The Administration strongly opposes enactment of S. 800.

The premise of such revenue sharing legislation—that the coastal states have a special claim to portions of OCS generated revenues to mitigate impacts—is flawed. OCS activity takes place entirely outside state boundaries, indeed, at least three miles from the nearest state lands, on submerged tracts totally controlled by the Federal government and administered for the benefit of the nation as a whole. Under such conditions of physical separation, the effect of extractive and other activities on state air and water quality and other resources is greatly minimized.

Likewise, the impacts from OCS activity have been over-estimated. The Outer Continental Shelf Lands Act Amendments of 1978 created an oil spill pollution fund that will compensate state and local governments for any damages caused by oil spills. The "boom/bust" problems that some originally feared might result from coastal-related oil and gas development are no longer apparent. The regions to be impacted (except Alaska) have a sizable population base along the coast. Projected population increases are not expected to have significant impact. While States have not been permitted to tax OCS oil and gas production directly, they can, and often do, impose sales, excise and property taxes on supporting onshore facilities and activities, including the storage of oil and gas. Any OCS impacts beyond those which would be compensated from the oil spill pollution fund would be covered by those supporting onshore OCS-related activities. Although such OCS-related activity may generate a need for more elaborate public facilities and services such as transportation infrastructure, safety precautions and logistical services, capital-intensive and high-wage onshore support for OCS oil and gas activity will provide a significant source of direct and indirect revenue to state and local governments. In fact, most theories and studies of OCS and other extractive operations indicate that the long-term benefits of such development substantially outweigh start-up costs. Energy development can bring with it economic prosperity in the form of increased employment, higher income, and an increased tax base. In short, state and local governments will gain from adjacent OCS development.

The bill would create an entitlement in the states to specific funds through the creation of the Ocean and Coastal Development Impact Assistance Fund. Setting aside Federal revenues for specific purposes without allowing competition and annual budgetary control in the budgetary and appropriations process limits the flexibility of the President and the Congress in matching resources to current priorities and national goals. By-passing the appropriations process through permanent creation of a Fund gives these programs claims on Federal resources which other programs do not enjoy. The Administration opposes this type of special treatment.

Furthermore, the Administration's position is that all Federal programs should compete equally for limited budgetary resources. Programs should be evaluated on the basis of individual merit, in accordance with budget priorities. S. 800 would provide Federal OCS revenues for marine and coastal management programs for which Federal funding is being phased out by the Administration because they are sufficiently successful to be returned to the states. By continuing Federal funding S. 800 would boost Federal expenditures and thereby aggravate Federal deficits, in direct conflict with the President's economic recovery program and budgetary policy.

The Administration is also opposed to the effect of certain formula factors in S. 800 which give bonuses to states with federally-approved CZM programs. This would reward some states which are relatively unaffected by OCS development, such as Hawaii. Assuming 5 percent of the fiscal year 1983 OCS receipts produced

$500 million for the Fund, over $300 million would appear to be allotted as an incentive for having an approved program compared to less than $150 million which would be allotted on the basis of OCS energy activities.

S. 800 could conflict with the objectives of the individual states as well, because allocations would be determined by unrelated fluctuations in revenue instead of on the basis of actual program needs and sound budgetary planning. The requirement that states must spend these funds on particular activities also limits state managerial flexibility. For example, states may prefer to give priority to projects which do not fit within the statutory mandate. The Administration believes that the states are in the best position to make management decisions with respect to their own resources and programs.

State governments should take the lead and work with local governments and regional organizations to better understand impact assistance needs, remove unnecessary legislative and regulatory barriers to revenue generation, encourage industry to share the cost of mitigating impacts on a site specific basis, and recognize energy impact assistance needs in establishing state financial priorities.

The Administration specifically opposes the creation of the National Coastal Resources Research and Development Institute. The research, education and demonstration projects the Institute is directed to pursue are more appropriately financed by the private sector. A Federal subsidy for such projects in the current fiscal climate is wholly inappropriate.

Finally, the bill would require additional bureaucratic resources and increase the cost of the Federal government. The bill does not include and provisions recognizing the costs of administering such a program. Moreover, S. 800 would require the Department of Commerce to establish a new and complex regulatory regime to administer the block grants at a time when the Administration's aim is to reduce the regulatory burden.

Mr. Chairman, this concludes my statement. I welcome your questions.

The CHAIRMAN. Next we will take Mr. Arthur Rocque, Jr., chairman of the Coastal States Organization.

Senator STEVENS. Mr. Tweedt, my colleague reminds me, if the chairman will allow me, sometimes we do not kill the messenger, but we do wound him a little bit.

The CHAIRMAN. Go right ahead, Mr. Rocque.

STATEMENT OF ARTHUR ROCQUE, JR., CHAIRMAN, COASTAL STATES ORGANIZATION

Mr. ROCQUE. Thank you, Mr. Chairman.

I am representing the Coastal States Organization, those tattered members of the fraying Federal-State partnership.

I would like to thank you for today's opportunity to testify on this legislation, and I would like to thank you, Senator Packwood, and you, Senator Stevens, along with your colleagues, for taking leadership on this important legislation.

I urge you to continue your efforts to obtain a strong bipartisan consensus on this bill, a bill that would be compatible with the House version. We wish to assist in seeking that consensus and in seeking cosponsors.

My testimony has been submitted for the record. I will summarize it. It is similar to our testimony last year on S. 2792. That should not be surprising. The bills are very similar.

We support this concept. We have for a long time, since the mid-seventies, as a matter of fact. We support funding for all of the programs listed as eligible expenditures, and we urge the continuation of a finite list of such programs. They should be the marine and coastal related programs.

CSO represents a broad perspective on coastal and marine issues, but for today I will focus my comments on coastal zone management and the Outer Continental Shelf leasing program respectively. There is a need for these funds in fiscal year 1984. We are like the express mail ad. If we do not get the money by fiscal year 1984, we are out of business. I am afraid there will be dire consequences for the national OCS program as a result.

A CSO survey initiated last week indicates that out of 28 approved coastal zone management programs, only 8 programs predict survival without Federal funds for fiscal year 1984. As many as 16 will fail entirely without such funds. All will be forced to substantially cut back their efforts. That affects permit processing, monitoring and enforcement, consistency reviews, Outer Continental Shelf impacts on land, all of those activities that have been discussed here today.

I would like to contrast briefly the administration's position. The foundation of that position is, the States can and should assume these programs. That is nonsense. The Coastal Zone Management Act in Congress did not intend that. The 1980 reauthorization of the Coastal Zone Management Act clearly points to that with full funding for 5 years.

The States are facing a $6 billion projected revenue shortfall for fiscal year 1983. We do not have the money.

Let me quote, if I may, from the fiscal year 1984 Federal budget document, the recommended goal of the administration. This document states for fiscal year 1984, and I quote:

> The goal of the National Oceanic and Atmospheric Administration is to promote the national interest in rational use and conservation of the Nation's coastal zone by encouraging and assisting coastal States and territories to implement management programs consistent with the Coastal Zone Management Act.

The funding recommendation to accomplish this, of course, is zero. That eliminates all confusion over any allocation formula.

We have been told to compete for the budget. For 2 years we have been down here competing for the budget. I have been down here myself talking with members of the administration, attempting to make the case. I was amused at one point. I was flying back to Connecticut, and I read in a copy of Atlantic magazine that these programs were all cut during a 3-week period of snap judgments. That was according to the Director of the Office of Management and Budget.

Our conclusion has been, we need congressional action. Our meetings with the Department of Commerce and the Department of the Interior and OMB officials have clearly confirmed this. When we asked what documentation would change the OMB position, the OMB director for natural resources said: "nothing can change our minds." That ended the negotiations. At least the other officials were polite.

Last year, when the Senate passed the barrier resources protection legislation, Senator Chafee asked Secretary Watt if he would like a $1 million appropriation to implement the program. Secretary Watt, said, no, we do not need that. We can absorb this program with no additional drain on the Treasury, no additional drain on the taxpayers. How did they do that? They turned around to the coastal management programs of the individual States and said, you get the information for us. These are the programs they are recommending to fund at zero.

The CHAIRMAN. Let me ask you this. Do they ever ask your opinion either from your standpoint in Connecticut or as the organization you represent as to what the effect of their action might be as to whether the States could pick up the cost?

Mr. ROCQUE. No, sir.

The CHAIRMAN. Do they ever ask your opinion about the substance of the program?

Mr. ROCQUE. Not directly, sir.

The CHAIRMAN. Did they ever ask your opinion about the present bill we are talking about today?

Mr. ROCQUE. No, sir; we offered those opinions, and they were rejected summarily.

The CHAIRMAN. Go ahead.

Mr. ROCQUE. I think there are some strong reasons why the programs in S. 800 should be funded. First of all, there is a national interest. That is stated in the Coastal Zone Management Act and other congressional actions. As I mentioned, congressional action has shown that clearly Congress disagrees with the administration on this.

The Senate last year provided for fiscal year 1983 emergency funds through the leadership of Senators Weicker and Hollings. There was broad, bipartisan support to allow these programs to last until fiscal year 1984.

There is the equity argument. It was mentioned here today.

The Mineral Leasing Act of 1920, back in the dark ages, gives 50 percent of the inland revenues to inland counties. There may be a few coastal States, but those are inland counties where the revenues from the MLA are being shared.

The fiscal year 1983 estimate on this program is $1 billion to the States. There is no effort by the administration to repeal the MLA, yet it represents a similar drain on the Treasury.

There is a statutory role for the States in coastal zone management, both in the OCS Lands Act and the Coastal Zone Management Act. Both guarantee a role in the OCS program for States.

To cut these programs is a false economy. We are talking about $500 million under this legislation. That is 5 percent of the OCS revenues. That is fairly small when compared to the potential loss of billions of dollars from further delays on leasing.

The technical staff that the States use to determine how to respond to leasing activities, exploration plans, and development plans are funded largely through coastal zone management and coastal energy impact funds. Their presence permits negotiation instead of litigation in many instances. With the funds cut, I am afraid the ability to negotiate will end.

The States are not directly litigious, however. The litigation has been over a small number of tracts, and over following statutory procedures, or I should say the Department of the Interior's failure to do so.

Leasing in State waters has increased while these programs have been in effect. This is where the States have direct control over those activities, where they do not have to rely on a partnership role with the Federal Government. In *California* v. *Watt,* which is the most famous case on OCS litigation referenced when making the point that States are holding up the leasing process, it was the

Department of the Interior's failure to follow the Coastal Zone Management Act's requirements that brought the litigation.

The leasing program is not being held up by California or other coastal States. It is the Department of the Interior that is appealing those early court decisions. We agree with the court's decision.

The decrease in funding is coinciding with an increase in leasing.

I asked my staff to put together a chart or two to show how this works, and as I was looking through the charts they put together, I found out we could use one chart, the chart that shows the increase in the leasing. If it is turned upside down, it shows the relationship of leasing with the funding. They occur simultaneously.

We heard about the funding alternatives from the States. All of the States are trying. Many are charging for permits or raising permit fees. But there is a problem with that. You can only charge what it costs to process a permit fee. Approximately 40 percent of the cost of running a program can be directly attributed to the cost of the permit.

If you charge more than that to support these programs, it is a tax and is unconstitutional. That is, it cannot be set by regulation.

I have already mentioned the aggregate shortfall estimated at $6 billion for fiscal year 1983; 18 States have laid off employees already under the CZM program as part of the phasedown on funding.

I do not know that the administration is even moving toward conceptual support of this legislation. The testimony here today would not indicate that.

It is not only the States that have lease activities off their shores that are affected by OCS development. The State of Washington is a classic example. There are OCS fabrication yards proposed for the State of Washington and a pipeline, all based on Alaskan and California offshore production. There are no leases off the State of Washington.

When Governor Spellman gave his reason for joining the litigation against the OCS-5-year plan, he stated it was the uncertainty of CZM funding, with Washington substantially impacted by those OCS activities, that led him to initiate that litigation.

We are not alone in our support of these programs. The Governors of the coastal States, the National Governors Association, and all of the regional Governors 'associations have endorsed this legislation. We urge you to continue.

Thank you.

The CHAIRMAN. I do not know of anybody that is opposed to it but the administration. The inland States have not come out to testify against it. They know a good thing when they have it, and they have a good thing. The last thing they need to do is testify against this, since sauce for the goose is sauce for the gander.

Mr. ROCQUE. That is correct, sir. I would point out, in leading the western Governors to endorse this type of program for the coastal States was Governor Lamm of Colorado.

The CHAIRMAN. Very good. Mr. Rocque, I have no further questions. Thank you.

Mr. ROCQUE. Thank you.

[The statement and chart referred to follow:]

STATEMENT OF ARTHUR J. ROCQUE, JR., CHAIRMAN, COASTAL STATES ORGANIZATION

Mr. Chairman and Members of the Committee, my name is Arthur J. Rocque, Jr., Director of Planning for the Connecticut Department of Environmental Protection and Chairman of the Coastal States Organization (CSO). On behalf of the CSO, a representative association of the nation's 34 coastal state governors, I appreciate the opportunity to present our views on Outer Continental Shelf (OCS) revenue sharing legislation.

The enactment of Outer Continental Shelf (OCS) revenue sharing legislation this year is critical to coastal states. The CSO, with the endorsement of every major regional governors association and the National Governors' Association, strongly supports the early enactment of OCS revenue sharing legislation. Copies of formal resolutions of unanimous endorsement recently approved by the CSO, the Southern Governors' Association, the Western Governors' Conference, and the New England Governors' Conference are included with my statement. A letter from West Virginia Governor John D. Rockefeller reaffirming the support of the National Governors' Association is also included. It is important to note that, while non-coastal states do not directly benefit from provisions of the legislation, the resolutions of support reflect the positions of a substantial majority of inland states.

The CSO recognizes and is greatly encouraged by the bi-partisan and nationwide support for the legislation, as evidenced by action by both Chambers last Congress and the reintroduction of compatible legislation this year. We are also heartened by the early scheduling of this hearing and commend the leadership and Members of the Committee for again forthrightly moving forward with this important legislation. However, it is critical, now more than ever, that the legislation be enacted. The coastal states and the viability of their federally-approved coastal management programs have arrived at a crossroads at which, depending upon the direction of federal policy, the fate of this nation's ocean and coastal resources, may well be decided for years to come.

There are three reasons why the need for this legislation is critical.

First, the Adminstration's revamped and greatly accelerated 5-year OCS oil and gas leasing program has been implemented and will be making ever-increasing demands on state capabilities. The ability of affected states to anticipate, prepare for and mitigate the impacts from this federally-initiated development will be taxed for some years to come, just based on the OCS program alone. The technical staff needed by states to meet this need are supported primarily by Federal CZM funds.

Secondly, other recent federal administrative actions have placed additional and unforeseen responsibilities on coastal states. For example, the Department of the Interior, which is charged by Congress to implement the recently enacted Coastal Barrier Resources Act, has called upon the coastal states through their CZM programs to provide significant support work to inventory, monitor and develop long-term, shared management options of such resources. This call to the states come at a time when the Department of the Interior has refused additional appropriations or staff to implement the provisions of the Act.

And, lastly, the press of "normal" coastal business continues. In the face of ever-present shoreline development, coastal population growth, unforeseen natural hazards, harbor-port expansion and activity, wetland conversion, recreation and tourism, fisheries utilization, and energy facility siting, states are being asked to continue their role as the Nation's stewards in the proper coordination and management of these often competing interests.

And all this occurs as the National budget for support of these activities is cut and state budget deficits grow.

Through assistance and authority provided by Congress, coastal states historically have been willing and able to discharge their responsibilities effectively in what can rightfully be termed a federally-generated, state-operated partnership in the coastal zone. The states have been able to participate because the federal government provided funding, while acknowledging that state fulfillment of its responsibities was in national interest. The Coastal Zone Management Act and its subsequent 5-year reauthorization in 1980—the cornerstone of this coastal partnership—exemplify this dual approach. Under the law, national interest objectives are defined in a broad, yet implementable way. States have been directed to focus a percentage of their efforts on significant improvements in these national interest areas. Perhaps most significant at this time of Federal Budget cuts is that full funding for the 5-years of the reauthorization was specified. Thus, while states have been guided as to the nature of the national interest, they were assured of adequate fiscal resources to accomplish their mandate.

The number and complexity of the tasks for which states are responsible have increased since 1980. More are proposed by the present Administration. Yet, federal funding has become increasingly precarious. Although my remarks today center on the need to fund coastal management programs, the other ocean and coastal resource activities eligible for funding assistance under the legislation are equally worthy of public investment. Funds should be continued for commercial fishery research and development as Congress originally intended under the Commercial Fisheries Research and Development Act, as well as for anadromous fisheries resource (funded since 1965 under the Anadromous Fish Conservation Act), marine research education, and advisory services (presently provided for under the National Sea Grant College Program) and the umbrella activities of the Coastal Zone Management Act, which include coastal energy impact mitigation, urban waterfront and port development, public shoreline access, and energy facility planning and siting. All of these eligible activities for funding under the legislation are clearly in the national interest. The Administration, however, proposes to discontinue the federal funding support for such activities. Fortunately, Congress, particularly through the bi-partisan support of the Senate Appropriations Committee, has not allowed funding to be completely eliminated, ensuring that the state-federal partnership, although challenged and somewhat uncertain, has endured these hard fiscal times.

In its budget analysis, the Administration has attempted to portray this state-federal partnership as one which heavily favors states and that federal funding should be seen as "seed" money which is no longer needed or appropriate. It contends that the partnership is complete, that the coastal management mechanisms are fully and equally implemented by a vast majority of coastal states, and that federal funding can be withdrawn without undue harm to the alliance. We strongly disagree and take issue with these views.

The promise of federal funding support was, and is, a major incentive to encourage states to enter and to remain in the business of coastal management. Again, the 1980 act indicated congressional desire to fund state coastal management activities through fiscal year 1985. Based on this assurance, progress is developing the partnership continued. Presently, 28 coastal states and territories have obtained federal approval of their coastal management programs, beginning with the States of Washington in 1976 and, most recently, with the states of New Hampshire and New York late last year. In fact, 8 states and 2 territories have obtained federal approval just within the last two and one half years. Moreover, the State of Virginia has recently taken important steps toward program approval. Thus, we believe that the coastal management partnership is still dynamic, with states exhibiting varying levels of experience in program approval and implementation, and each with differing responsibilities in the national interest mandated significant improvements. As a result of the federal support coastal states and territories have received to date, a solid record of achievement have been compiled. Much more work remains to be done. We believe that we have demonstrated previously that this work is ongoing, and that reliable state processes are being developed to undertake these tasks successfully. OCS revenue sharing would enable states to confidently address the future and build upon the record of the past.

Termination of federal funding to states is a false economy. It must by necessity encourage unwise use of coastal resources, imbalanced use of the coast, or irresponsible use of coastal resources. In the case of OCS oil and gas development, there would be no savings from the termination of grants to states for coastal management. To the contrary, loss of state technical staff and eventual delay in the processing of various statutorily required coastal permits, particularly those pertaining to OCS exploration and development plans, would clearly cost the Federal Treasury more than what could be gained in not providing coastal management grants to states.

Coastal states, to a large extent, are financially unable, despite their willingness, to assume the full responsibility of acting as sole stewards of this nation's ocean and coastal resources. According to figures released by the National Governors' Association and the National Conference of State Legislatures (January 31, 1983) projected 1983 budget balances of coastal states will show a net deficit of 4.675 billion. This includes a projected 1983 surplus of 956.6 million for the coastal State of Texas. Further, it is also unrealistic to assume that such responsibility can be reasonably upheld by a single collection political jurisdiction without sufficient intergovernmental coordination, on a national scale, as intended by Congress. This is why OCS revenue sharing is so critical a priority for coastal states and the nation as a whole.

The CSO is currently conducting a survey of its member states to assess federal funding needs and program impacts associated with the proposed abrupt termination of state a coastal management grants. Preliminary findings indicate that at least 5, and as many as 16, states will be forced to completely shut down their state and coastal management program if an fiscal year 1984 appropriation is not obtained. The figures vary as to the probability of the state to surplant existing federal funding support. Only 8 state coastal management programs would not be affected by a termination of funding by the end of this fiscal year. It is particularly important to note that most states would experience significant increases in permit processing times, reductions in permit processing and monitoring, delays in consistency reviews, decreases in or elimination of new research studies, or sharp reductions in or elimination of grants to other state agencies or local governments. All this would be in addition to staff reductions, which in many cases have been occurring since fiscal year 1981, the last before the CZM budget was cut.

I can assure you that the vast majority of states want to continue that state-federal partnership. It is unrealistic to assume that the issues which spawned the need for the partnership will go away merely because federal funding is withdrawn. The resources with which coastal states are involved, such as OCS oil and gas, are national resources; however, the negative impacts of their development, exploitation and utilization generally center at the state and local level. Coastal states do not want unplanned exploitation of our shoreline areas. In order to prevent these dual consequences, federal funding of the partnership is imperative. Otherwise, delay, through litigation or through the lag caused by poor planning and bad choices, will result.

The CSO believes that OCS revenue sharing is an idea whose time has come for the following reasons:

(1) The legislation could provide a measure of equity with inland states. Under the Mineral Leasing Act, National Forest Receipts Program, and the Taylor Grazing Act and other programs, inland states are compensated for the impacts from federally-initiated development. OCS revenue sharing, at far less cost and smaller proportions, would go a long way toward correcting this inequity for coastal states.

(2) The legislation could provide a fiscal distribution process to states which retains national interest objectives while maintaining and even enhancing the state role of selecting priorities for implementation.

(3) The OCS, particularly as a source of non-renewable resource extraction, is an appropriate source of revenue for ensuring that all coastal resources, renewable and non-renewable, have adequate consideration in the overall policy network within which states' management systems operate for the Nation's benefit.

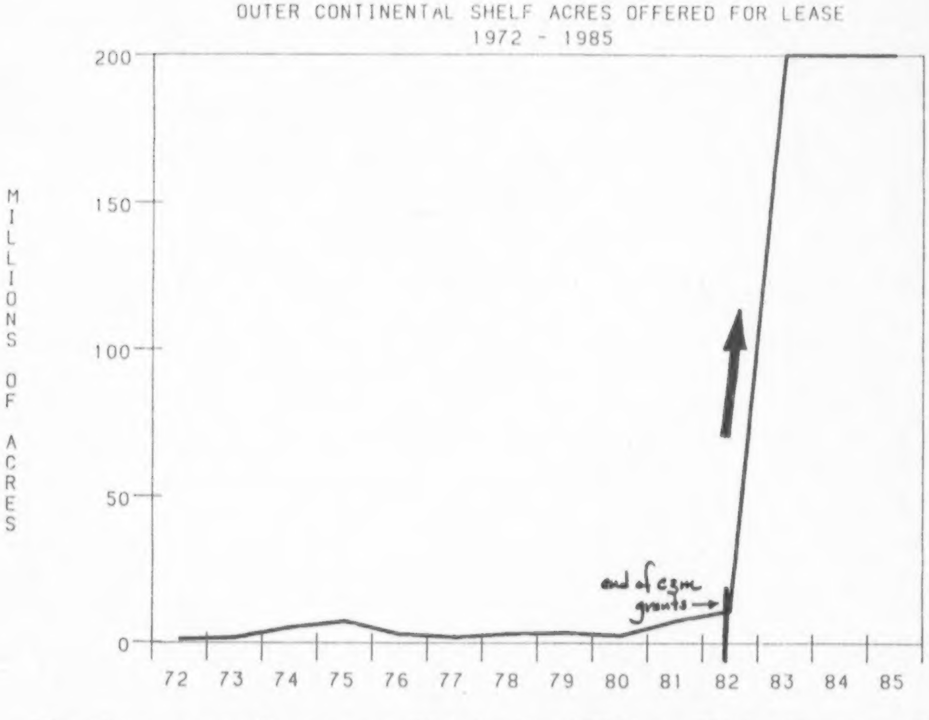
(4) OCS revenue can ensure that fiscal disincentives for state and local communities adjacent to federal OCS oil and gas activities are removed.

Debate on OCS revenue sharing with coastal states has primarily centered on such policy questions as the size and source of the fund, the determination of any one state's share, and the eligible uses of the funds. As important as these policy questions are, they pale in comparison to the need for the enactment of S. 800, or similar legislation.

The principal objection to OCS revenue sharing has been based on a simple dollar decision. In response, we urge you to consider that in order for an ocean and coastal resources management fund to have money in it, the OCS must be developed. For this development to occur in a beneficial and balanced fashion is one of the goals of the CSO that is addressed in such legislation. The sharing of a modest amount of OCS revenues is a justifiable cost to ultimately assure a productive and well-managed development of the OCS.

In conclusion, the Coastal States Organization strongly supports the concept of OCS receipt sharing and urges the committee to move forward on the legislation. It is extremely important to coastal states and the Nation that funding be provided for vital state programs and activities, which will enable OCS and other coastal development to occur in a sound and well-managed fashion. The allotment of a modest share of revenue derived from the development of public lands off the shores of coastal states will provide long-term benefits in the management of, and research on, renewable coastal resources. Coastal states are willing to accept the responsibility of managing such resources, and are willing to form a strong viable partnership with the Federal Government, as Congress intended, but they must be supported financially to do so.

Mr. Chairman, that concludes my prepared statement. Again, thank you for the opportunity to testify. I would be happy to answer any questions you may have.



The CHAIRMAN. Next, we will take Dr. William Wick, director of the sea grant college program, Oregon State University.

STATEMENT OF WILLIAM WICK, DIRECTOR, SEA GRANT COLLEGE PROGRAM, OREGON STATE UNIVERSITY

Mr. WICK. I am pleased to have been invited to give views in support of S. 800, the Ocean and Coastal Resource Management and Development Block Grant Act.

I would like permission to submit a subsequent written statement, Senator Packwood.

The CHAIRMAN. We will keep the record open for 30 days.

Mr. WICK. Thank you.

I join in supporting the need of State, regional, and local agencies for the program as outlined. Mr. Rocque has gone over the reasons for it very sufficiently.

I am here primarily to address section 6(c) of the proposed legislation, which is to establish a National Ocean and Coastal Resources Research and Development Institute. This institute, in my view, is focused on helping to put America's oceans to work. I am optimistic about America's ocean resources and the opportunities we have right now to do something very significant.

I had a chance to reread a 1969 report which is probably recognized by all. It is "Our Nation and the Sea," the Stratton Commission report. Those of us in Oregon, at least, refer to it often because it outlines some of the things that are coming into fruition now.

Our knowledge base, however, is much broader than it was in 1969, when this report was written, but certainly not complete by any means. The Sea Grant College program, among other programs, have helped to develop this knowledge base and to train upward of 7,000 students, as I mentioned a couple of weeks ago. I think we are ready now for another step, another step forward in America's ocean development, and that is toward more aggressive development of ocean and coastal resources.

Since 1969, there have been many changes, legislative, and scientific. Obviously, some of those that came out of the Congress, the House, and the Senate, are coastal management legislation, the Marine Mammal Protection Act, and the Fishery Conservation and Management Act of 1976.

Similarly, there have been scientific advances that we really did not anticipate 15 years ago or so. Some of them are occurring right off Oregon. Obviously, the polymetallic sulfide question will be very important for our, Outer Continental Shelf and beyond, development in the relatively near future. There are proven geothermal resources off northern California. The question of why the weather in California is like it is is a question I think we can approach through a better understanding of the El Nino phenomenon. This may have a tremendous impact on our fishery resources.

We do not know how far the warm water is coming north, for example, this year, because we simply do not have the opportunity to get out and measure it and the impact it may have on fishing.

Section 6(c) describes a step beyond our present capabilities, a development and demonstration institute to move promising ideas and avenues closer to application. This idea, in my opinion, is nonduplicative of present programs, and can serve as a national and even international model for oceanic development.

The CHAIRMAN. Well, and this would not have to be just an idea. You have to have an institute somewhere where you can take ideas to development and assume they will be reasonably usable around the country.

Mr. WICK. Yes. The institute is proposed to be centered in Oregon. Oregon is central to the Pacific region of the United States. We have, as you well know, excellent marine facilities in Newport, probably a little over 200,000 square feet of facilities, plus additional stations at Charleston and also at Astoria, backed up by the Oregon State System of higher education. So it is a logical place for this to be centered.

There is another entity that I think can play a major role in this. There are five marine public institutions on the west coast of the United States. They joined together 18 months ago to form a consortium. Our purpose is to take the best marine talent we can find from these universities and get them moving toward answering some pressing problems of the day.

So, an infrastructure is already in place, as well as the center itself. I could give some examples of the kinds of programs that could be conducted.

The CHAIRMAN. I would like to make the record as complete as possible so people do not think this is simply a duplicative effort with the Sea Grant College.

Mr. WICK. Good.

We have an international seafood marketing institute about ready to go. I was interested in the discussion earlier about the amount of seafood we import, a major question for our Nation. This institute is a result of a conference held last September in Anchorage. It was instigated by Oregon State University's sea grant program and also matched with Alaska's and Washington's to look at international seafood marketing—22 nations and 152 people were involved in it.

We think this is one start toward bridging that problem. We have already mentioned the polymetallic sulfide question, which is certainly a national question. It is going to be a difficult problem to solve, but one I think is very important.

Pacific trade is another one that could be addressed by the coastal and oceanic institute. There are major fisheries questions, for example, underutilized fisheries. Perhaps more specific are the multispecies management and the sustainability questions.

Senator Stevens has mentioned the biomass of fish in Alaska.

When we talk about fish in the Northwest, as you well recognize, we are talking about salmon first, right?

The CHAIRMAN. Yes, right.

Mr. WICK. We have a nagging question now. How many fish can the ocean hold? This is not an easy question to answer. It is within the scope of the proposed institute, however, to address questions like this and move toward implementation. We are looking right now at the capabilities of being able to change sex among salmon to increase the availability of eggs.

The CHAIRMAN. Change sex among the salmon?

Mr. WICK. Make them all females.

The CHAIRMAN. What do you call the process, out of curiosity? Actually, I do not know whether I want to pursue this or not.

Mr. WICK. I am not sure I do either.

There are times when the number of eggs is the limiting part of the process.

The CHAIRMAN. I assure you if anyone gets the idea this will be the paramount research project of this new institute, we are in serious trouble.

Mr. WICK. Take my word for it. It is a problem that has national impact for all citizens in the United States—more good salmon on the table. There are many other examples that could be given, but I think that suffices for examples of breadth.

I would like permission to work with committee staff to suggest minor modifications in the language of the bill and volunteer to work with them on any subsequent questions that they might have. I thank you very much for your time.

The CHAIRMAN. I just want to make sure the record is clear on two or three things. This has nothing to do per se with sea grant, is that correct?

Mr. WICK. Right.

The CHAIRMAN. It may operate out of a similar facility or the same facility. People will try to complain this is another sea grant program. There might as well be another one because the administration wants to get rid of the one we have.

Mr. WICK. The National Sea Grant College program is an evolving, maturing network that is in place and will hopefully continue to do the good work it does in research education, and advisory programs. This proposed institute builds upon that and moves beyond it—longer range, broader structure, aimed at once again putting the ocean to work more effectively. I think it is an excellent way to go about it.

The CHAIRMAN. Bill, I have no more questions, but I would appreciate it if you would work closely with the staff because we are hoping to move this bill rather soon.

Mr. WICK. Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM Q. WICK, DIRECTOR, SEA GRANT COLLEGE PROGRAM, OREGON STATE UNIVERSITY

My name is William Q. Wick. I appreciate the opportunity to recognize the need of state, regional, and local agencies for funds from outer continental shelf revenues to support the coastal impact effects of ocean developments. These important needs have been detailed by Members of the Committee and by witnesses from the National Association of Counties, the Coastal States Organization, the Oregon Coastal Zone Management Association and other grants. Thus, I will simply second their statements.

I'm here, primarily, to address section 6c, of the proposed legislation, which calls for the establishment of a National Coastal Resources Research and Development Institute. The Institute is to be administered at the Oregon State University Marine Science Center in Newport, Oregon. A map of the Center is attached.

The proposed Institute, in my view, would be focused on helping to put America's oceans to work. There are encouraging signs that we are on the verge of the return of America as a maritime nation. President Reagan's proclamation of an exclusive economic zone for the United States of America on March 10, while viewed as isolationist by some, signifies a realization that oceanic resources are important. H.R. 2061, the proposed Exclusive Economic Zone Implementation Act, provides evidence of interest by the Congress in moving forward.

The 1969 "Stratton Report" Our Nation and the Sea, although more than a decade old, contains important and still useful information on how our uses of the seas affect our security, our economy, our position among the world community, and our ability to meet the demand for food and minerals. Since 1969 there have been many legislative and scientific advances, including at least 15 major pieces of ocean legislation. These ranged from deep seabed minerals and deepwater ports to fishery and marine mammal conservation.

Our knowledge base is also much broader—although far from complete. The Sea Grant College Program, among others, has helped to develop and implement knowledge and to train more than 7,000 advanced ocean scientists, engineers, and lawyers.

We are ready now to take another bold step—toward more aggressive development of ocean and coastal resources—for the benefit of our nation and, in fact, all mankind.

Section 6c of S. 800 describes a framework to move beyond our present capabilities—a research, development, and demonstration Institute to take promising ideas and avenues toward application. This idea is non-duplicative of present programs and can serve as a national and even international model for oceanic development. The emphasis would be on large-scale and longer-range applications.

The Institute is proposed to be established in Oregon. Oregon is central to the Pacific Ocean region of the United States. Excellent university marine research facilities are in place at Newport, with additional stations at Charleston, Astoria, and Netarts. These facilities are backed by the State System of Higher Education, composed of nine universities and colleges.

Further, the five major marine public universities on the Pacific coast—in Alaska, Washington, California, Hawaii and Oregon—formed a collegium in November 1981 pledging to use talents of the marine faculties to address the more important Pacific problems. Our collective reach covers most of the Pacific—with developed contacts in Mexico, Peru, and Chile, Australia, New Zealand, the Philippines, Japan, Taiwan, Korea, and Canada.

The University of Oregon maintains formal ties with Northeastern University, Boston, for cooperative and exchange work in the marine sciences.

Thus, several elements of the basic infrastructure for this Institute are available. The Marine Science Center campus of Oregon State University, with facilities for coastal as well as deep ocean work, is an appropriate headquarters. Details of organization and program need further development. It seems likely, however, that some programs could be in place within six months of activation.

A major role for the Institute will be to move promising ideas from the planning stages to actual implementation. The following, Mr. Chairman, are some examples. They are not inclusive but intended to demonstrate the breadth of potential activities.

Coastal economies tend to operate on a boom or bust cycle. Outer continental shelf developments add to this cyclical nature. A major goal of the Institute should be to aid in stabilizing coastal economic activity. This problem can be addressed in a number of ways. One of the larger elements relates to increasing the breadth and depth of Pacific Rim trade activities. Segments of the problem have been addressed but few large scale efforts have been attempted. The Institute would permit larger scale and longer term activities which may lead to reasonable solutions.

Seafood imports contribute substantially to America's balance of trade deficit. We have completed initial development of an international seafood marketing group which currently involves 22 nations. The objective is to provide means to increase American seafood trade, internationally. The group could form an important part of the Institute.

The Oregon coast is adjacent to the Gorda Ridge area, perhaps the most accessible US area for research and development toward mining of polymetallic sulfides. Most informed geologists recognize that deep sea mining is perhaps a decade or so off. The time is right, however, to determine the scope of the resource and assess the environmental problems.

Major and difficult management problems affect fishery production. In trawl species, these problems range from a conceptual framework for multi-species management to the vital concern for sustainabilty of harvest. Large-scale and long-term developmental research is required.

In salmon, a major problem relates to these questions: How many fish can the ocean hold? What are the limitations in food, etc? Can we develop genetically more desirable salmon? Can we change the sex of fish to increase the proportion of females and thus, the number of progeny?

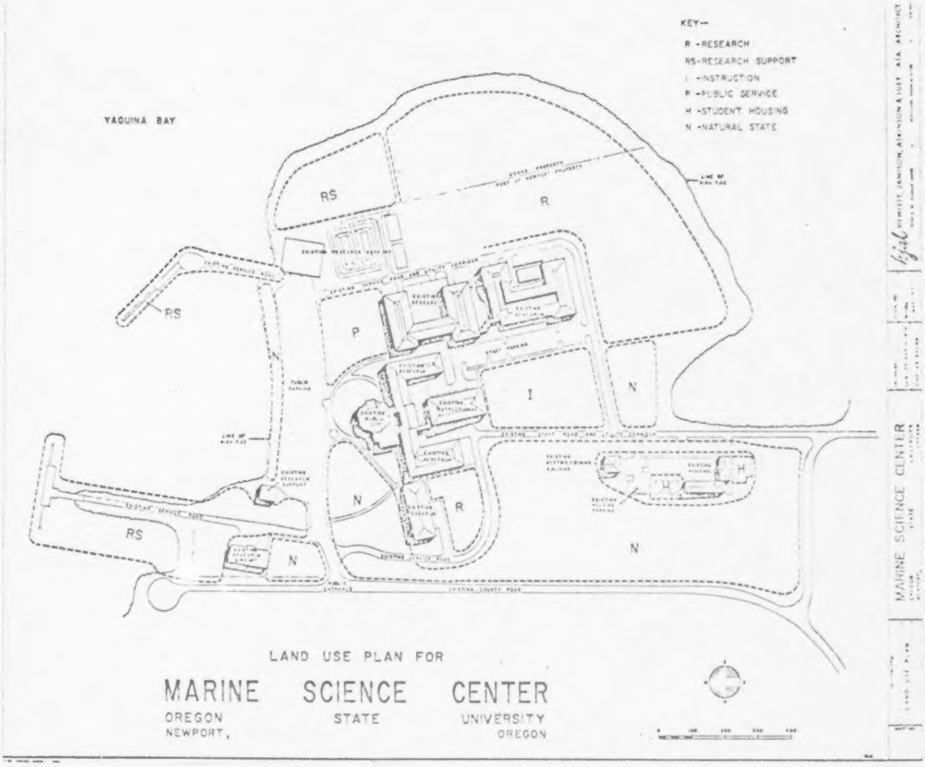
Are there socially acceptable ways to improve the health of the fur seals?

Are there acceptable alternative professions for coastal citizens displaced by changes in the primary resource bases of fisheries and forestry?

We do not lack for challenges or major questions that could be addressed by this national Institute. A fundamental role of the Institute will be to provide regional and national guidance on economic development in oceanic and coastal areas.

Thank you for this opportunity to provide comment.

If you desire further information, I will try to comply.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OREGON STATE UNIVERSITY
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MARINE SCIENCE CENTER

The CHAIRMAN. Thank you.

Next let's take Elizabeth Raisbeck, representing the Friends of the Earth. Good afternoon.

STATEMENT OF ELIZABETH RAISBECK, LEGISLATIVE DIRECTOR, FRIENDS OF THE EARTH

Ms. RAISBECK. Good afternoon, Senator. I appreciate having the opportunity to testify today on behalf of Friends of the Earth and the Natural Resources Defense Council. If we had a little more time I think there probably would have been a number of other organizations who would like to have had me represent them today, but I did not have time to get my testimony around.

We are very interested in revenue sharing, OCS revenue sharing, and have been from—well, since the legislation came close to fruition last year. And we very much appreciate your interest in developing some revenue-sharing legislation and have a number of comments to make on S. 800.

First of all, just let me say that the Coast Alliance, which is an organization comprised of environmental groups, fishermen, scientists, and labor groups—a cross section of people concerned about the natural resources of the coast—have developed a set of principles which we feel that any OCS revenue-sharing legislation should include.

First and foremost is that we feel that revenue sharing with the States from the OCS revenue should be primarily targeted toward protection and enhancement of natural coastal resources, particularly as these funds come as a result of activities posing serious threats to these resources.

Other important coastal laws which represent our national policies toward protection of coastal resources should be strengthened, not weakened, through revenue-sharing programs. Thus, any revenue-sharing program should guarantee that the Federal coastal zone management program be maintained, including funding for the Federal office, CZM office, and maintenance of the monitoring and evaluation of State programs by the Federal Government.

We feel that only States with approved coastal programs should be eligible to receive revenue-sharing funds to guarantee that the money is used in accordance with careful planning for the protection of vulnerable coastal resources.

We are also very supportive of having a fixed percentage of each State's share of the fund be earmarked for coastal zone management activities. The Coast Alliance arrived at these principles in part because of our increasing concern about the fate of the national coastal zone management program. We share your concern and that of other members of this committee over what this administration is doing to the national programs that affect our coast.

We are principally concerned about the attempted destruction of the coastal zone management program, although we feel that all of the programs which your bill would support are important programs and should be maintained. Coastal zone management, we believe, is by far the most important program because it is our only program which establishes a national coastal management system and a strong partnership with the States for protecting the coastal resources that are at risk today.

The **CHAIRMAN**. Let me ask you something on coastal zone management. As you are aware, a fair portion of the grants in this bill are dependent upon a State having a coastal zone management program. I realize States cannot pick up all the costs we are going to slough off on them, but I would be surprised if any of them would not fund their coastal zone management program if the quid pro quo were losing the money under this particular bill.

Ms. **RAISBECK**. We were very pleased to see the change in S. 800 which gives a stronger incentive to States this year for maintaining their coastal program. I think we would agree with you that the incentive is certainly quite strong in that direction. I think we would still feel, however, that the best bill would include specific earmarking because of the financial situation of the States today, because there are still several States that do not have coastal programs with complicated local politics.

We feel that in order to best encourage those States to maintain those programs we would prefer to see straight earmarking in the legislation.

Let me move on to other comments about S. 800. My first comment was really addressing the question, which is that we are pleased to see that 50 percent of the formula which is now coastal population and shoreline related would only be available to States if they had an approved coastal program.

We do not really feel ready to comment on the National Coastal Resources Research and Development Institute at this time. We feel it is an intriguing idea, one very worthy of exploration. There are so many problems on the coast that the need for research is indeed great and we would certainly encourage looking into the development of such an institute. I think we would suggest we take a little longer look, to plan this very carefully before we make final decisions on how exactly to establish this institute.

A few comments on some of the problems we feel still exist in S. 800, most of which were problems that we felt existed in S. 2792, which I will run through quickly. We are concerned about the level of funding for the whole program. Five percent of the present OCS revenues come out to a program that would begin at about $500 million and could escalate considerably. We question whether the programs that would be served under this fund need that much money, especially if it is a fund in which there is not earmarking among the categories.

We also have concerns about whether entitlement is the most appropriate way to fund a revenue-sharing program. We really feel Congress should maintain continuing oversight over a revenue-sharing program. This is a new concept and we want to be sure the money is spent in the wisest possible way for the coast, and in order to do that we think it would be appropriate for the money to be run through the appropriations process.

We are concerned that there is no cap on this fund. It can escalate pretty much indefinitely, and since we do not know what future revenues will be, we think it would probably make better sense to have some kind of a cap on the fund.

One of the things we are most concerned about is the judicial review section of this bill, which essentially only allows localities and States to bring any litigation when they feel the mandates of this program are not being met. I think it is unwise to shut the public out of this process. Clearly, a successful program will work if local people feel they have access to the fullest extent.

Finally, we would suggest there be an inclusion of a connection to section 312, the coastal zone management program, in order to maintain that strong partnership we feel is important, a Federal-State partnership for CZ, and we think that this legislation should spell out there should be section 312 review of that portion of the fund which is used for coastal zone management planning.

Finally, we want to thank you for your interest in this legislation. We are concerned about how fast it is moving. There are, I know, other members of your committee who are also very interested in this legislation and we share with Mr. Rocque our concern that there be a strong, bipartisan bill out of this committee, one which would easily conference with the House.

Thank you.

The CHAIRMAN. Why don't we solve the perpetual problems about grants versus earmarking? As far as I am concerned, I would trust my State to more wisely use the money for what I think you would regard as sound environmental purposes than I would trust what I would get as earmarking from the Federal Government.

Ms. RAISBECK. I am not sure what the question is.

The CHAIRMAN. You said you wanted earmarking. Why do you want this money spent for specific purposes, many of which you and I would agree with? There are some we might not, yet I am convinced that if the State of Oregon receives this money as a grant rather than earmarked, it would be spent, by and large, from an environmental standpoint, if that is your concern, better than it would be spent if the Federal Government earmarks it and in the process of drawing the categories tries to take into account everyone's different interests in this Congress as to what it ought to be earmarked for.

Ms. **Raisbeck.** I think it is important to keep in mind that earmarking for coastal zone management or CEIP is still a very broad and flexible kind of earmarking. The coastal zone management program covers a wide range of activities, as does CEIP. What it guarantees is that there be a balance among the categories that are acceptable uses.

If there is a percentage of 30 percent for CZM, for instance, and guarantees that some States coming under enormous pressure to use the money in some other area will maintain a significant portion for planning and management. There is still, we feel, a lot of flexibility within those categories.

[The statement follows:]

STATEMENT OF ELIZABETH RAISBECK, LEGISLATIVE DIRECTOR, FRIENDS OF THE EARTH

Mr. Chariman and members of the Committee: I appreciate the opportunity to speak to you today concerning legislation to establish a program for the sharing of OCS revenues with the coastal states. The Coast Alliance and Friends of the Earth are very supportive of the concept of revenue sharing as a means of rescuing important national coastal programs from oblivion. We, as well as many other environmental and citizen groups around the country, have been deeply disturbed by the Reagan Administration's abandonment of national coastal programs that have been built over more than a decade of concern about overdevelopment in fragile coastal areas and increasing pollution of our estuaries and other coastal waters. In 1980, as you may recall, the Coast Alliance sponsored a Year of the Coast to increase public awareness about the alarming deterioration of our coastal resources.

The sharing of federal revenues from the OCS energy development program with the coastal states presents a unique opportunity to sustain the faltering federal interest in the wise management of our coastal resources. The Coast Alliance last year developed a set of criteria which we believe should be integral to any revenue sharing legislation. They include the following:

Revenue sharing to the states should be primarily targeted toward protection and enhancement of natural coastal resouces, particularly as these funds come as the result of activities which pose serious threats to these resources.

Other important coastal laws which represent our national policies toward protection of coastal resources should be strengthened not weakened through a revenue sharing program. Thus, any revenue sharing program should guarantee that the federal CZM program be maintained, including funding for the federal CZM office and maintenance of the monitoring and evaluation of state programs by the federal government.

Only states with approved coastal progams should be eligible to receive revenue sharing funds to guarantee that the money is used in accordance with careful planning for the protection of vulnerable coastal resources.

A fixed percentage of each state's share of the fund should be earmarked for CZM activities.

The Coast Alliance arrived at these principles in part because of our increasing concern about the fate of the national Coastal Zone Management program. This concern is based on the fact that now more than ever the states need assistance to keep this program alive. It is the principal mechanism for evaluating and mitigating the impacts of off-shore energy development available to the States. Since the Reagan Administration has pressed forward to offer for lease a billion off-shore acres, the entire outer continental shelf, in just five years, the states will be experiencing increasing difficulty and financial strain as they try to assess the potential impacts of the coming sales on off-shore fishery resources and near-shore natural resouces. States rely heavily on their CZM program to analyze the probable impacts of proposed sales and make recommendations for adjustments in the proposed leases to the federal government. A strong CZM program can mean speedy analysis of proposed lease areas and improved cooperation by the states. Most importantly, a strong CZM program will help to avoid costly delays.

While imperfect, the CZM program has been for the most part a highly successful partnership of federal, state and local governments for the management and protection of coastal resources. It represents the only program which can bring a degree of order out of the chaos of coastal development. Through CZM planning, states have been able to identify and protect their most fragile and biologically productive areas and steer future development toward already developed areas. We view it as a national tragedy that the Reagan Administration has sought to end this program which is a unique commitment of halting and reducing the continuing losses of coastal wetlands, pollution of estuaries, destruction of barrier beaches caused by overdevelopment and loss of vital fish and wildlife habitat.

Because the CZM program is so important, we have been committed to supporting an OCS revenue sharing program which earmarks funds, and we ask this committee to give serious consideration to the earmarking approach.

COMMENTS ON S. 800

The new version of the Packwood-Stevens revenue sharing legislation offers some important improvements over S. 2792 of last year. While still not including earmarking for coastal programs, the bill now limits the coastal categories of acceptable uses for the fund: living marine resources; coastal management planning under the national CZM program; assessment and mitigation of OCS activities; long range coastal and ocean research and education; captial infrastructure necessitated by OCS activities under CEIP.

These are appropriate categories for uses of the fund; however, we don't understand the rationale for including two OCS related categories—mitigation of OCS activities and infrastructure under the Coastal Energy Impact Program. The purpose of the CEIP fund is to mitigate OCS activities, and OCS related infrastructure is an acceptable use of the CEIP loan funds. Thus, these two categories seem redundant, and we would appreciate clarification from the committee staff. We also remain concerned that the states are given no direction on how to divide up the grant among the categories. However, we do note with appreciation that there is now an additional incentive for the states to maintain their coastal programs. We strongly endorse the new formula which gives greater weight to coastal shoreline and population, bringing these categories to 50 percent of the formula. The fact that only states with approved CZM programs will be eligible for the percentage of the grant based on population and shoreline is a strong incentive to states to maintain their CZM program. It is also an excellent incentive to states without programs to develop them.

S. 800 also includes an intriguing new idea, the establishment of a National Coastal Resources Research and Development Institute. The need for research on coastal problems is obviously great, particularly problems of a regional nature which are so difficult to come to grips with. We would suggest that before such an institute be established that there be more discussion concerning its mandate, structure and location. Funding such an institute as a percentage of a fund which may very greatly from year to year will not provide the kind of reliable financial base a research institution needs. It would be better to provide a regular annual appropriation for the institute.

While we have not been able to analyze S. 800 fully since its introduction, we would like to raise a few areas of continuing concern about the best approach for this legislation.

First, we continue to question the entitlement approach for a revenue sharing bill. The uses of this fund are so important that continual Congressional oversight is warranted to be sure that we are maintaining a strong national and state coastal management program and that important fishery, wildlife and coastal research and education functions are on-going. There should be a continued interest in Congressional oversight of OCS program and its impacts and how and to what degree this program is adequately mitigating off-shore development. We believe that the appropriations process will guarantee the continued Congressional oversight that is needed for this program.

We also believe that there is too much money going into the fund for the needs that are being addressed. The fund in S. 800 will begin at a minimum of $500 million, which is substantially more than is necessary to fund most of the programs itemized except where there will be substantial new impacts from energy development. Even where this is the case, it may be many years before these impacts are felt. There is no cap on the fund, and it includes an escalator which will bring unknown additional sums to the states, all of this as an entitlement. Since we have not yet been able to compute what each would receive under this new system, we cannot comment on the changes in the escalation clause. But even with the new formula to reduce the percentage of gain made by states at the upper end of the spectrum, there is ample room for concern about the size of this program in a time of serious national deficits.

We also strongly object to the judicial review section of this bill. We can think of no reason to justify making judicial review of this program available only to states or local governments. This language eliminates the public's ability to hold all parties concerned—localities, states and the federal government—accountable for the proper implementation of this program. Local citizens will have great interest in the uses of this fund, especially if there is a required passthrough of 40 percent. They should not be shut out of the judicial review process, which is an important mechanism for government accountability.

We suggest that S. 800 include language which will establish clearly that that portion of the fund used for Coastal Zone Management will come under Section 312 review of the CZM. If we are to maintain the federal oversight aspect of the CZM program, the 312 connection is crucial. Without it, the federal authority to review state CZM programs becomes ambiguous at best.

Finally, we seriously question the appropriateness of requiring a 40 percent passthrough to localities, and we hopt that this committee will give this provision very careful attention. In many states, the problems of coastal planning and OCS development are much more farreaching than any one town or county. By passing through a large percentage of the funds to localities in every state, you may encourage a very fragmented approach to coastal problems, with each locality addressing small local needs which may not be nearly as serious as the larger regional or statewide problems which urgently need attention. States where there has been strong local participation in the CZM process can make a very good case for local passthrough, but this in not always the case.

In conclusion, we commend the sponsors of S. 800 for introducing this important legislation. Time is running out for many national coastal resource programs, and we are encouraged by this committee's serious commitment to establishing a national coastal revenue sharing program which will guarantee their survival.

The CHAIRMAN. I do not have any more questions. Thank you. Let's see if we can conclude the panel before we have another vote.

Jay Rasmussen and Matthew Coffey. Mr. Rasmussen, why don't you go ahead first?

STATEMENTS OF JAY RASMUSSEN, EXECUTIVE DIRECTOR, OREGON COASTAL ZONE MANAGEMENT ASSOCIATION; MATTHEW B. COFFEY, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF COUNTIES

Mr. RASMUSSEN. Thank you. For the record, I would like to say I am Jay Rasmussen, the director of the Oregon Coastal Zone Management Association.

I wish some of my members, local elected officials of the Oregon coast, would have been able to be here, but due to the press of time and other obligations are not able to be here.

The association is a voluntary association composed of all seven coastal counties in Oregon, all the soil and water conservation districts, most of the ports and cities. We are vitally interested in the proper utilization of our coastal and ocean resources.

Because of the scheduling I would like to have the opportunity to submit written testimony within the next week.

The CHAIRMAN. We will keep the record open.

Mr. RASMUSSEN. Mr. Chairman, as you know, this association and the coastal government it represents have had a longstanding interest in OCS receipt sharing, and I would like to take this opportunity to express our appreciation for your efforts and those of others, including those on this committee, for providing an opportunity to deal with this issue on its merits.

The association believes there is a great need for Outer Continental Shelf receipt sharing. We think it is both logical and necessary. It is logical in that there is a definite connection. It has been said earlier today that precedents have been established in the sharing of receipts from inland State or inland areas with inland States, and we think that ought to continue also on the Outer Continental Shelf.

We also think it is absolutely necessary if plans for restoration, for enhancement, for development, for redevelopment of our coast are actually going to come true. I know in Oregon we have spent a great deal of time planning. A lot of that was out of coastal zone management money, but if those dreams are ever to become something more than plans, we need to have the opportunity to move on.

I believe OCS receipt sharing will provide that opportunity. This comes at the very time that local governments, which I speak about today, are more limited than ever in their resources. Three of my seven counties are on 4-day work weeks. We have major problems of unemployment in the coastal areas. We have relatively small governments there. There are tremendous and justified needs at the local level as well as the State level, whether they be in fisheries, in port development, impact assistance to local governments, in increasing recreational opportunities, or in many other areas where those funds might be needed.

I think S. 800 assists in meeting some of those needs. First of all, it provides all coastal States with a meaningful share of the national receipts. We have an interest, all of us do, in the proper management of our coastal ocean resources.

It provides a passthrough to local government, which is extremely helpful to insure that coastal governments, local governments, have access to some of those funds. For our State in particular, the negative aspects of Outer Continental Shelf development will be felt at the local level. We have very small local governments and the cost of meeting those impacts are much larger than local government have resources, in the case of Oregon, particularly—or the State has.

I know there has been some concern echoed that local governments may misuse those funds. However, I would like to point out that Oregon is second in the Nation with an approved coastal management program, and under that program the use of those funds by local governments would have to be consistent with the State's approved coastal management program. Therefore, you have both State and Federal oversight. We think that is sufficient.

The CHAIRMAN. You assume the eligible uses of the fund now specified in the bill are perfectly adequate and we do not need any further earmarking?

Mr. RASMUSSSEN. Perfectly adequate. In fact, I would like to congratulate the committee for that. I think in many respects the earmarking of funds, particularly at lower levels, sometimes is counterproductive. If you were to say, for example, that some of these funds could go for capital infrastructure while others go for fisheries development, I think it recognizes the fact that the port of Newport, for example, is quite different from the Oregon Department of Fish and Wildlife in its mandates and ability to do things.

What might be very proper in fishery development for the Oregon Department of Fish and Wildlife may be way out of line for one of my ports or one of my counties or conservation districts. On the other hand, the Oregon Department of Fish and Wildlife is not usually in the business of providing capital infrastructure for Outer Continental Shelf development. So I think it is absolutely important that we keep that eligibility and not earmark funds.

I would also like to make a brief comment on the National Coastal Resources Research and Development Institute. I think it can provide very timely assistance and appropriate development, research, and education. We need the positive approach of this bill in this area because it goes beyond the obvious need to conserve and protect.

In Oregon we have planned and we have done a great deal of work on preserving and conserving our natural resources. In some cases, those natural resources need restoration and enhancement, not just conservation and preservation. The institute would provide local governments with the technical assistance to develop and restore not only our natural resources but our human resources and the application of those on the Oregon coast.

I would simply like to close by stating that we understand the administration has some difficulties with this bill and the Federal budget as well. We believe the funds, though, could be very useful and are absolutely necessary.

We would also like to state that we hear a great deal about this new federalism and the new federalism implies that the Federal Government will, in a sense, assist State and local governments in playing a major role. Ths bill provides a realistic mechanism for the State and local governments to enter that Federal relationship—not just words. I think that is absolutely important. We can do a great number of things on the local level.

I would like to stress that we do need some assistance. I think the time is ripe right now to talk not only about what we need to conserve and preserve but what we need also to restore, enhance, and develop. I think this bill provides an excellent mechanism to go beyond the status quo and planning for the status quo and insuring that those plans we have, those dreams, do not end up as simply dreams on paper.

On that basis I would like to thank you very much for the opportunity to appear before you and again reiterate my appreciation for this committee to take up this issue. It is something we think is of critical importance.

[The statement follows:]

STATEMENT OF JAY L. RASMUSSEN, EXECUTIVE DIRECTOR, OREGON COASTAL ZONE MANAGEMENT ASSOCIATION, INC.

My name is Jay L. Rasmussen, representing in testimony the Oregon Coastal Zone Management Association, Inc. (OCZMA). I am Executive Director of the Association. OCZMA is a voluntary association of all seven Oregon coastal counties, nearly all of its coastal ports, all coastal soil and water conservation districts and many coastal cities. Presently 26 local units of government—all of which have a vital interest in the wise utilization of the coastal resources—comprise the Association in an attempt to provide a unified voice.

Mr. Chairman, despite differing views and many frustrating setbacks, the Oreon Coast has long supported a coordinated program for the proper management of our coastal resources and in a balance of their uses. You are undoubtedly aware of the existence of the Oregon Coastal Conservation and Development Commission between 1971 and 1975 before its functions were assumed by the Oregon Department of Land Conservation and Development with the adoption of the four coastal goals (estuarine resources, coastal shorelands, beaches and dunes, and ocean resources). The impetus of that Commission's creation was from local officials. In a sense, then, Oregon's coastal jurisdictions interest in the management of our coastal zone predates both the state and federal efforts.

Thus, it is as a representative of all the local officials making up OCZMA that I make these comments today. They are reflective of our vital interest in the receipts sharing concept that goes back at least to March 1981 when we testified during an oversight hearing on continuation of funding to states and local governments under Section 306 of the Coastal Zone Management Act. In supporting termination of Section 306 funding, we raised the issue of receipts sharing.

The Association is convinced, however that termination of Section 306 funding did not eliminate federal, state, or local coastal management interest or need. Clearly, it was the intent of the original legislation and subsequent amendments and reauthorization that the coastal zone would be protected, enhanced, and developed where appropriate for all the people of the nation. This implies that all of the people of the nation should have some share in implementation costs.

Mr. Chairman, first let me offer the Association's sincere appreciation for your efforts and the efforts of others to provide this opportunity for an indepth review of the merits of an outer continental shelf receipts sharing concept. The introduction of this bill indicates your awareness of a sensitivity to the special needs and concerns of our coastal areas. Please accept our thanks.

S. 800 as introduced provided an excellent vehicle for continuing the efforts of so many years in planning for the nation's coastal zone. We feel that it would be tragic if assistance in some form is not provided to insure that all the planning actually results in something more than maintenance of the status quo. The needs of the Oregon Coast to expand its efforts in fishery and habitat restoration and enhancement, particularly of our depressed anadromous fisheries, the need for port redevelopment, for hazard avoidance in development, for recreational opportunities for citizens of the entire nation and for many other purposes are staggering. It makes enormous sense to earmark some of our funds from outer continental shelf development for assisting in the revitalization of our coastal natural and economic resources.

In other words, this bill provides an opportunity to turn planning and dreams into reality by providing federal assistance so absolutely critical at this time and to provide that aid to the levels of government where action can most effectively and efficiently be accomplished. Without some assistance from the federal government, many plans for restoration, enhancement and development will remain, at best, merely plans.

Concerning S. 800 itself, the Association respectfully makes the following brief observations:

1. The bill recognizes the intent of Congress that the proper management of the nation's coastal zone is in the national interest of the United States and in the interest of all the citizens of the nation—not entirely those residing in the coastal territories and not with just those areas, which, at this time, have oil and gas activities off their coastline. Someday, should offshore ocean-mining of minerals develop, an equitable sharing may also be necessary since those minerals may not be equally available off-shore of every coastal state or territory.

2. Likewise, we support additional allocation to those states and territories with approved coastal management programs. As you are aware, Oregon's program is the second in the nation to be approved. Thus funding recognizes the effort of the states and local governments in establishing a coastal management program and also the need to keep those programs viable.

Again, local governments have expended considerable resources to date under this program and some federal funding recognition appears warranted.

3. We are impressed with the recognition of the role of local governments in the stipulated pass-through of at least forty percent of the funds offered to any state or territory. Local governments can and should play a major role in helping achieve positive and constructive results in our coastal areas. This Association is committed to working with this Congress, the President and our state in support of this extremely valuable aspect of the bill.

Early House attempts this year at an OCS receipts sharing bill did not initially include an appropriate role for local governments. Since some state coastal management programs rely heavily upon local governments for implementation and since local governments—particularly ports—are where the development aspects of coastal zone management are found and where the negative impacts of OCS development will be felt, local government inclusion in a meaningful way is necessary to make the program successful and to broaden the base for management of our coastal zone.

We strongly support maintenance of local governments role—and its support through dedicated funding. We know that there exists the belief by some that management of our coastal and ocean resources can be accomplished only by the federal government and that states and local governments are too close to the daily issues to allot funds properly. On the contrary, we believe states and local governments can do an excellent job with some federal financial assistance. We hope this Committee shares this view and supports dedicating funds to local governments.

Lastly, the bill's language should include ports and other special districts as well as counties and cities as potential recipients. However, only local governments located in the state's statutory coastal zone should qualify for inclusion in the receipts sharing program. Similarly, funds available to the state should be required to be used in the coastal zone or for activities directly affecting the coast.

4. The Association also agrees with the trust of the bill in providing greater discretion to coastal states and local governments in the uses of those funds. The bill recognizes that we need results not percentages of funds spent to meet grant requirements. In the past we have been critical of the inordinate amount of restrictions, conditions and application procedures of previous coastal zone management and Coastal Energy Impact programs. Tangible results in meeting the intent of the bill requires flexibility in the uses of the funds and an absolute minimum of multilevel bureaucracy in their allocation.

The "national goals" of zone management call for the redevelopment of deteriorating urban waterfronts and port facilities. For a variety of reasons, ports have not been actively involved in Oregon's program yet certainly the emphasis in the act is on ports and urban waterfront redevelopment as well as on energy efficient transportation, increased recreational uses and access and on fisheries development. Coastal ports, cities and counties in Oregon could productively use the above mentioned development as partially funded through OCS receipts sharing.

As in the case of port and waterfront redevelopment, the "national goals" also speak to restoration and enhancement of coastal resources. In Oregon, the resource restoration and enhancement possibilities are legion, often very costly and seldom accomplished. Ocs receipts sharing might allow for contributions to the state's Salmon and Trout Enhancement Program (STEP), mitigation assistance, estuarine restoration measures, marsh restoration and creation and for many other activities.

In short, allowing flexibility to states and local governments provides an opportunity for meaningful completion of all the "national goals" of coastal zone management and for the provisions of a balance of uses in our coastal zone, and allows each agency or jurisdiction to handle those funds under its own special mandate.

5. We support the creation of a National Coastal Resources Research and Development Institute to broaden the scope of coastal and ocean research and education and to provide realistic guidance in the wise and efficient use of our precious resources—to promote appropriate development and add to the economic diversification of our nation's coastal regions.

Fully conscious of the tremendous needs at the local level and the very logical connection between the exploitation of our offshore nonrenewable resources and the restoration, enhancement and development of our coastal areas, we strongly support S. 800. On behalf of the 26 units of local government making up this Association, we urge your active support for this bill in session.

Mr. Chairman, we appreciate this opportunity to appear before you. I can assure you of our continuing commitment in attempting to meet that elusive balance of uses in our coastal zone.

The CHAIRMAN. Thank you for coming back on short notice. We appreciate it.

Mr. Coffey, we will conclude with you.

Mr. COFFEY. Thank you, Senator. I would like to introduce Geri Green, who is my staff counsel in this area. We would like to be as helpful as we can to you in looking at S. 800.

As executive director of the National Association of Counties, I speak for the 3,000 county governments that are in the United

States, covering over 90 percent of the population. I want to communicate to you today that the National Association of Counties strongly endorses S. 800.

We really do not see this as a coastal State or coastal county problem. We see it as a national resource, just as we have in previous legislation seen the Federal lands as national resources, and we feel that there is a special responsibility on the part of the Federal Government where national resources are concerned.

We feel the Federal, State, and local governments must work together to protect this coastal marine area, and we support funding a block grant program from 5 percent of the total OCS revenue. Funds from the ocean's renewable resources should be used to protect the renewable resources.

The original Coastal Zone Management Act was a comprehensive approach rather than a single use. For program purposes, OCS revenues should be used to provide States and counties with an overall framework for protecting the many and varied coastal and ocean resources. Using 5 percent of the OCS revenues is the cheapest, most cost-effective form of prevention. It will save the greater and catastrophic costs of dealing with the completion and destruction of the Nation's coastal resource later on.

We particularly support the 40 percent passthrough to local governments because counties deal with the most immediate impacts of the decisions affecting natural resources. S. 800 should include a tighter definition of local government, however, than that contained in the Coastal Zone Act. The present definition could tie the entire program up in litigation, as it has tended to do with other programs of a similar nature.

Counties across the country are presently being challenged in court by smaller units of local government over who should be the recipient of Federal funds of these kinds of programs. So I think that there should be a definition in the bill itself. That definition needs to be carefully drawn.

The National Coastal Research and Development Institute is a good idea and we also like the idea of the satellite centers, and rather than this institute, as might have earlier been the impression, studying the nocturnal habits of salmon, we would see it as more of a resource in helping counties plan their coastal zone management, an area that is particularly sensitive to county governments because land use planning is such a particularly sensitive issue in local county politics.

We feel the institute's studies and demonstration projects will help those communities plan for the future, including the expansion of their economic base. The studies and projects will help coastal areas use their resources more efficiently while protecting the coastal environment. This approach recognizes that the coastal regions must plan for the time when oil, gas and other nonrenewable resources run out, including exploring new industries that are nonresource dependent.

The counties recognize that there are future impacts from coastal activities that we do not presently foresee. Information on future planning and diversification will enhance the economic and social health of the coastal areas and the Nation as a whole.

In summary, Mr. Chairman, we are very supportive of your approach in S. 800, with only the technical problem of the definition of local government. We are ready to support you and move forward with you in passing this bill.

[The statement follows:]

Statement of Matthew B. Coffey, Executive Director, National Association of Counties

Mr. Chairman and members of the committee: I am Matthew B. Coffey, executive director of the National Association of Counties.[1] We appreciate the opportunity to testify on S. 800, which creates an ocean and coastal resources management and development fund. The fund would provide block grants to the coastal States and counties. These grants would enable coastal communities to plan for and mitigate the impact of oil and gas development from the Outer Continental Shelf (OSC). The grants would also assist in other coastal zone management programs which are critical to the coastal regions.

NACo has long supported the judicious management of ocean and coastal natural resources. NACo strongly supported the Coastal Zone Management Act (CZMA) of 1972 and subsequent amendments to that act.

CZMA was enacted because the coasts were endangered from excessive uses, many of which were hurting the health of the coastal regions. CZMA established a voluntary, two-State matching system of grants. The first stage provided grants to States to develop coastal management programs. Counties participated in this process in many States.

Local governments have prepared and implemented comprehensive plans, zoning ordinances, special purpose regulations, and subdivision regulations. Counties implement State-established criteria and standards, with State review and enforcement of standards. This approach is used in Alaska, Maine, Michigan, North Carolina, Oregon, Wisconsin, Virginia, and Washington.

Experience under the CZMA indicates that acceptance of a local implementation role is necessary for the ultimate success of State programs. Local participation in State coastal programs is essential. It is at the county level where the consequences of decisions affecting the natural resources are most immediately felt.

As OCS development began to accelerate in the 1970's, Congress amended the CZMA to include an OCS-specific, Federal consistency provision. In 1976, Congress added the coastal energy impact program (CEIP), which established loans and grants to help States and localities address the impacts of OCS development.

In 1980 CZMA was again amended to move from the process-oriented planning stage to actual implementation.

However, in 1981, the administration proposed termination of assistance under CZMA and CEIP. The 1981 budget request eliminates all assistance under these programs. Congress has kept these programs going because it recognizes their critical importance to the Nation, States, and local governments. The administration is phasing out CZMA at the same time it announced an accelerated 5-year OCS leasing program.

S. 800 would provide funding from the OCS revenues to continue the planning and preservation of the Nation's coastal and marine resources. This committee has been in the forefront of this effort. NACo strongly supports this concept, and we believe, like the committee, that a direct connection between OCS revenues and coastal zone management is long overdue.

The Federal Government has a lengthy history of sharing revenues with States and counties where Federal onshore activities and land ownership directly affect those local governments. They include Federal timber receipts, grazing receipts, and Mineral Leasing Act payments to the States. Public lands counties receive payments in lieu of taxes to compensate them for the presence of tax-exempt Federal lands. States can also impose severance taxes on mineral leasing activity on Federal lands to compensate for the States' loss of nonrenewable resources.

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[1] The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are to: improve county government; serve as a national spokesman for county government; act as a liaison betwee the Nation's counties and other levels of government; and achieve public understanding of the role of counties in the Federal system.

It is clear that OCS development will impose drastic socioeconomic impacts on coastal communities. OCS development also presents potential environmental risks to ocean and coastal resources. The States and counties must have adequate funding to evaluate and cope with the greatly increased growth, to provide services to expanding populations, and plan for and regulate these impacts.

In addition to the impacts of OCS development coastal States and counties have equally serious and unique problems that this committee so clearly recognizes. While OCS development can severely exacerbate these problems, they are still considerable even in the absence of any offshore leasing, and must also be addressed. I will cite just a few examples here.

The Nation's seaports are one of the most important economic resources on the coast. The port industry brings in large amounts of revenues and in 1980 provided over a million jobs. Priorities for port planning and development must also provide for the protection of natural resources. Port development and maintenance requires dredging and the disposal of dredge spoils, which increases the vulnerability of valuable coastal wetlands.

The Nation's fishery resources support a multibillion dollar commercial and recreational fishing industry. This requires the conservation and management of fisheries resources and their habitat.

Natural hazards pose a large and growing threat to lives and property along much of the Nation's shortline. Intense development has led to rapid population growth within the floodplain, in low lying areas, and along barrier islands. The later are particularly vulnerable to hurricanes, tropical storms, coastal erosion and land subsidance, and their attendant damage.

Wetland protection, shorefront access, and urban waterfronts are other examples of the unique problems coastal communities face in their long range planning and development.

North Carolina is an excellent example of the coastal zone problems that a State and its counties are attempting to address. Some of these problems are caused by offshore development, but others are the problems I have just cited.

In developing its CZM program, North Carolina elected to have many of the land use decisions made by its 20 coastal counties, through the creation of comprehensive land use plans. For many counties, this was their first attempt to consider the resources they had in beaches and wetlands, and how these resources should be developed or protected.

The program is a cooperative effort between State and local government in the permitting process. The State issues or denies major development permits in designated areas of environmental concern, and the county handles minor development permits. The decisions are based on the land use plan cooperatively developed by staff, citizens, and politicians of the county.

The North Carolina counties inform us that as the State has implemented the program, both the State coastal resources commission and the advisory commission made up of local officials have found that goals they thought were far reaching and strict were simply not enough. They need more technical data. They need to update their land use plans, zoning regulations, and other ordinances. They need more adequate provisions for public access to and use of their barrier islands and sounds. And they particularly need to develop better disaster plans—not only plans for evacuating people and saving property—but also plans for the rebuilding of an area devastated by a hurricane. North Carolina counties do not want to repeat the mistakes of the past, but say they are bound to unless their policies and procedures are ready ahead of time.

The coastal county experience speaks directly to what is proposed in S. 800. Earlier this month, NACO's board of directors adopted a resolution supporting legislation to establish a fund for national and coastal resources management and development block grants to be directly funded from OCS revenues. S. 800 embodies the two provisions that NACo sees as necessary to such legislation.

First, NACo believes the fund established for the block grant program should be tied to 5 percent of the revenues in any fiscal year from total OCS leasing. This is a provision of S. 800.

Funds derived from the development of nonrenewable energy resources from the ocean should also be used for the protection of renewable resources. Funding coastal zone management programs from 5 percent of the OCS revenues would insure that when the nonrenewable resources are depleted, the renewable resource base and those economic activities dependent upon it are no worse off.

The coastal and marine ares of this Nation are one of its most valuable resources. Any one activity, such as offshore oil and gas operations, that endanger any portion of the coast in fact can affect the entire resource.

The original CZMA was a comprehensive approach rather than just a single use or single-resource program. It is totally appropriate that the OCS revenues be used to given States and counties an overall administrative framework for protecting the many and varied components of this Nation's valuable coastal and ocean resource.

Using an assured source of funding such as 5 percent of the total OCS revenues will be far cheaper in the long term than the costs of dealing with the depletion and destruction of coastal resources. For example, loss of fisheries resources would harm an important industry, causing unemployment and other serious economic consequences. Further, while we cannot prevent natural disasters like hurricanes and floods, we can plan ahead to minimize the attendant costs of the damages, including Federal disaster relief.

Further, ongoing OCS operations still impose serious impacts, even if these activities do not significantly accelerate. For example, local governments in Louisiana are currently dealing with the effects from the 19,000 of the 22,000 offshore wells in the United States located off Louisiana's coasts.

Thus the mechanism provided in S. 800 to finance the block grant fund is an excellent example of cost-effective preventative planning to avert later catastrophic costs to the Federal Government, States, and counties.

Second, NACo believes that legislation should require the States to pass a portion of their block grant funds to local governments or planning agencies responsible for implementing State plans, and consistent with that responsibility. Section 6(b) of S. 800 requires each State to provide 40 percent of its block grant under the act to local governments within the State.

We appreciate this committee's recognition of the role of local governments in the CZM proces. Because county governments equally share the impacts and burdens, they should be assured they will receive a specific percentage of each block grant.

In this climate of termendous budgetary pressures on all levels of government, counties, like States, are equally hard pressed to meet their governmental responsibilities.

Since fiscal 1982, counties sustained over a 15-percent reduction in Federal funding. The efforts that county governments have made to maintain service levels despite funding cutbacks were tremendous. Coastal counties have had to deal with their unique problems in the context of these bugetary pressures and cutbacks. Under S. 800 coastal counties will have a more predictable and flexible source of funding to better help them meet their diverse local needs.

In this economic climate, counties are in the best position to assess and plan for increased local development. They can best ascertain what services will be necessary, as they are often the principal provider of such services. These decisions must be made at the local level. The 40 percent local passthrough provided by S. 800 presents the opportunity to create a true Federal-State-local government partnership to properly manage, protect and develop the coastal areas and resources of this Nation.

We are pleased that section 6(b) has outlined eligible uses for the grants directed to coastal and ocean planning and management activities. These prescribed uses will allow the counties to develop and maintain an expertise in resource management, which is a major objective of the program. In addition, the formula for distributing the block grants provides an incentive for the States to develop and maintain federally approved CZM programs. With this approach, there is a better chance that the problems of coastal counties will be identified and addressed.

Section 6(c) of the bill establishes a national coastal resources research and development institute, to be administered in affiliation with the Oregon Institute of Marine Science. The institute will be financed from 1.5 percent of the fund set up by S. 800. After 2 years, the institute will make recommendations as to the desirability of establishing regional centers.

The institute will conduct research, education, and demonstration projects designed to promote the efficient and responsible development of ocean and coastal resources, including economic diversification of the country's coastal areas.

These studies and demonstration projects will help coastal communities plan for the future, including expansion of their economic base. Section 6(c) recognizes that oil and gas and other resources are nonrenewable, and coastal areas must plan ahead for when those resources eventually run out. Not only could the studies and projects assist coastal communities in more efficiently using their resources while protecting fragile coastal environments, but could assist them in exploring new industries that are nonresource dependent.

Counties recognize that there are future impacts from coastal activities that we cannot presently foresee. Information on future planning and diversification could be very useful to the economic and social health of coastal counties and the Nation.

NACo believes section 6(c) is a good idea, and that the regional centers would be particularly helpful. We would like to work with the committee in further delineating the exact responsibilities and mechanisms for the operation of the institute. Further, we anticipate that the institute will work with marine science educational institutes across the country.

NACo wants to thank the committee for the leadership it has taken in this area. I will be pleased to answer any questions you may have.

The CHAIRMAN. You heard Mr. Tweedt indicate he did not think Outer Continental Shelf development would have a significant impact on the coastal areas. What do you think?

Mr. COFFEY. I think he is being unrealistic and not facing the facts. If you look at the present development of the Outer Continental Shelf, you see most of it off the coast of Louisiana. You can just look at the problems that the local governments have had there in terms of freshwater supply distribution, solid waste disposal, the influx of population, the transportation problems, the fire and health service problems. The local school districts are hit.

The CHAIRMAN. Mr. Tweedt also said the coastal States can readily absorb this incoming population.

Mr. COFFEY. Again, I think he should have been with me this morning in the general revenue-sharing hearing when we were talking about the impact of the movement of people to the Sun belt. In fact, the Sun belt, which is supposed to be the richest part of our country, is having a tremendous problem now with unemployment and people without places to live and go who are all flocking from Michigan and other States to the Sun belt.

He obviously is not looking at what is happening in the country right now in this economic condition; 19 of the States are in deficit. In another 10 or 12 there is less than 1 percent projected surplus this year.

The CHAIRMAN. I sympathize with Mr. Tweedt because I know what he is up against if he wants to be a good soldier in the administration. He was told to cut budget. He either goes along with it or he leaves. We have a preview of NOAA's budget for next year. I do not mean fiscal year 1984. I mean fiscal year 1985, and again it is not just a cut here or a cut there. They have been given a figure to reach. They have to cut, and cut, and cut, so there go the sea grants, there go fishery resources. Anything you can possibly reach they try to get.

I understand the orders, but then to try to come here and rationalize that before a committee of Congress, they cannot come and say we have been ordered to cut it regardless of the consequences. So you have to try to rationalize it and all it succeeds in doing is making people look foolish.

I would rather thay come and say we have to take a 25-percent cut. That may be a conclusion you can agree or disagree with, but it is a more rational answer for what they have to do than to attempt to explain in some other fashion why they come to that conclusion.

Mr. COFFEY. There seems to be a great distance between the reality we see at the county government level and the explanations I have heard today.

The CHAIRMAN. You have not sat through 3 days of hearings where with each program that is going to be cut, because they are all valuable programs and the administration has not said they are not worthwhile, where are they going to be picked up? Private industry and the States are going to pick them up. I have not talked to a city, county or State official that says they are going to pick up the additional costs of these programs.

Mr. Rasmussen, you heard testimony earlier from Mr. Rocque—$6 billion in deficits from the coastal States alone, not counting the inland States. Deficits, and we are expecting them to pick up these programs? You know what is going to happen. You know what is going to happen in Newport when the sea grant college of the Federal Government cuts off their share of it. Oregon State will cut out the other half.

Mr. **Rasmussen**. I think at the local level, Mr. Chairman, the question comes down for many of my jurisdictions if they only have finances to handle fire and police, you know where else those cuts will be. They will not cut those any more than they have to, so all other programs, no matter how worthwhile, will be cut or have been cut.

I would like to reiterate, too, that local governments have been on a reduction process for a number of years in advance of the Federal imposition as well.

The **Chairman**. In reverse, it is the other way around. It is like telling the Federal Government, although we will have a $190 billion deficit next year, we will pick up the cost of some of these programs and cut others. There is no way we are going to achieve the goals of the administration for a balanced budget, and by cutting these programs, period. We simply are not going to do it.

Here you say with $850 billion in expenditures and $660 in revenue, of that $660 about $610 are military, social security and interest on the national debt. I do not think we can reneg on the interest on the national debt. That is probably unconstitutional.

You add only two other programs—unemployment and education and training—to it, and that is the whole $660 billion. You can cut the rest of Government out—the Foreign Service, the Bureau of Land Management, the Coast Guard, everything you can think of, revenue sharing, airport development funds—everything. That is what you would have to do to balance the budget by expending less.

No one is talking about that. So what we next try to do is say we are not going to cut it out. We are going to shift to local governments, and that is cutting it out. You call it a different name, but you are cutting it out.

Mr. **Rasmussen**. We agree.

The **Chairman**. Thank you very much. We appreciate your coming. We are in recess.

[Whereupon, at 3:05 p.m., the committee adjourned, to reconvene upon the call of the Chair.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

HON. BALTASAR CORRADA, RESIDENT COMMISSIONER, PUERTO RICO

Mr. Chairman, Members of the Committee, thank you for the opportunity to present my views on S. 800, the Ocean and Coastal Resource Management and Development Block Grant Act.

At the outset, let me point out that I fully support the implementation of a fund from revenues of the Outer Continental Shelf Leasing Program for the development and best management of our ocean and coastal marine resources. The Administration's proposals to terminate federal support for the Coastal Zone Management Program, the Coastal Energy Impact Program and the National Sea Grant Program clearly places in a predicament our national effort to preserve marine resources. Using OCS revenues as an alternative source of funding to rescue the marine resources protection and development activities is a sound idea and particularly fitting.

The OCS Development poses a threat to our environment especially to our Nation's coastal and marine resources. The Coastal States and Territories receive most if not all of the environmental as well as socio-economic impact associated with the implementation of the federally-initiated development. OCS revenue sharing would enable States to effectively manage, protect and develop our ocean and coastal resources.

The continued funding of the ocean and coastal development activities is of great concern to the people and the government of Puerto Rico. These activities are particularly important because of Puerto Rico's condition as a tropical island. Almost 72 percent of the Island's 3.2 million people live in coastal municipalities, up from 66 percent in 1970. The central mountain range is steep and inhibits development, as a result of which most new activity is in the coastal areas. Puerto Rico has one of the highest population densities in the world. Among United States jurisdictions, only New Jersey has a higher density. Our population is higher than that of 24 States, ten of which are coastal States. Puerto Rico's population alone is almost thirty times the population of all the other U.S. territories together. Guam, the second highest populated U.S. territory has only 105,579 inhabitants and the U.S. Virgin Islands 96,569 while Puerto Rico exceeds 3.2 million inhabitants. In addition, Puerto Rico has a 700 mile tidal shoreline which is larger than 7 of the coastal States (Connecticut, Alabama, Rhode Island, Delaware, Mississippi, New Hampshire and Pennsylvania) and a general shoreline of 310 miles which is longer than any State except for Florida, Louisiana, Texas, Alaska, California and Hawaii.

Puerto Rico has taken a very active role in a broad range of ocean, fishery and coastal programs, including the National Sea Grant Program.

The Coastal Zone Management Program is one of the most important activities, since it touches on such a broad range of natural resources affecting the Island. Puerto Rico's Coastal Management Program was accepted by the Secretary of Commerce in September 1978. It was four years in preparation, and cost about $2 million, of which $1.4 million represented federal grants under Section 305 of the Coastal Zone Management Act of 1972, as amended. Puerto Rico's Department of Natural Resources is now in the fourth year of implementation of the program, and has received $4.9 million in federal grants in aid under Section 305 of the Act toward total program budgets amounting to $6.3 million.

Puerto Rico's Coastal Management Program identified three main problem areas: Coastal Hazards (including hurricane flooding), Coastal Resources, and Coastal Development. All three areas are being dealt with as elements of the continuing implementation activity. Federal funds enabled the Department of Natural Resources in Puerto Rico to establish and equip a Ranger Corps, which has since been supported entirely with local funds. The Rangers patrol coastal resource areas on land, at sea, and in the air. As a result of recommendations made to the Secretary by the Citizen Advisory Committee on the Coastal Zone, the Rangers are receiving special training to expand their capability well beyond that of simple law enforcement. They can now explain to people they encounter what it is that they are protecting and why it deserves to be protected. In addition, the Ranger Corps is receiving training so that it can assist in emergency management in times of disaster.

The Department of Natural Resources in Puerto Rico is identifying areas subject to special danger from coastal flooding as a result of hurricane tides, as well as from riverine flooding as a result of intense rainfall in the steep mountain valleys that affect coastal development. The hazard mitigation plans prepared by the Department's staff are considered exemplary by the Federal Emergency Management Agency. They are being implemented with evacuation plans and with action programs to relocate families, using local funds to supplement the federal programs available for such purposes.

Coastal management funds are being used to explore and evaluate undersea sand deposits, which can substitute for dwindling on-shore sources of sand needed for construction. The extraction of sand from off-shore areas will require major investment by private enterprise, but it will require a new program of monitoring.

The Department has embarked on a long range program to make the general public more aware of the importance of coastal and marine resource. By special arrangement with the Department of Education, the science programs at elementary, junior high and senior high school levels will include units on coastal resources and their importance to the Island. Coastal funds are being used to develop the curricula and to provide the training for the teachers who will give the courses. Outdoor classrooms are being designed and developed at several areas around the Island to be used for field trips by school children. Members of the Ranger Corps will participate in the educational program during such field trips.

A system of natural reserves is being established. Management plans are being developed for coastal areas that require special consideration. New regulations are being prepared for activities that affect coastal resources such as the use of off-road vehicles, public access to beaches and the management of wetlands. Research is being conducted into the impacts of human activity on reef communities that protect the Island's shoreline against wave action. The Department also coordinates the many water-related activities of the U.S. Army Corps of Engineers.

The dependence of Puerto Rico on ocean shipping increases the propensity for damage from oil spills which affect not only marine life, water birds, and coastal water quality, but also the Island's beaches, which are a primary focus of tourism and local recreation. Puerto Rico has a unique concentration of coastal and marine resources, with a rich variety not equalled elsewhere in the United States or the world. The insular waters provide shelter for a number of rare and endangered species of marine mammals and other treasures. The constant interaction between human activity and nature urgently require a continuing program of monitoring, evaluation, and protectism, such as is possible under the proposed program.

Puerto Rico also has the benefit of a Sea Grant program which started in January 1977 with the granting of a Marine Advisory Services project to the Humacao University College. It has grown rapidly ever since and in 1980 the program was granted a coherent status. This achievement ratified the importance, usefulness and potentialities of the Sea Grant Program to the Island community, university administrators, educators and government agencies. The Marine Advisory Service establishes the University-Agency-industry cooperation that needs to be promoted on the Island and it is the first of its kind working with and for fishermen in Puerto Rico. Advisor services are offered in fish harvesting, marine manufacturing and marine transportation. Approximately 150,000 Puerto Ricians are benefitting from this program. In addition, in Puerto Rico's geographic location, situated in the Tropical Atlantic and the Caribbean, the Sea Grant Program in Puerto Rico contributes significantly to National Sea Grant Program in areas of tropical marine processes investigations. Also, due to its configurations, Puerto Rico can be thought of as a small-scale continent. A great diversity of tropical marine environments are easily accessible, which saves time, expenses and efforts for a variety of studies.

The Sea Grant Program has been highly successful throughout the Nation as well as complementary to the Administration's program for economic recovery. This program has stimulated over $227 million in annual gross revenue or savings for many marine or coastal resource based industries. The total federal support for Sea Grant Program has been only $270 million since its creation in 1966.

I believe S. 800 provides the adequate fiscal resources which are urgently needed to support and make significant improvements to coastal management programs which are definitely of national interest and which should never be downplayed. Notwithstanding my support of the Packwood/Stevens bill, I am puzzled by Puerto Rico's non-state-like treatment under Sec. 5(d)(1) of the bill. Puerto Rico's similarity to coastal States in areas such as shoreline extension and development, marine resources educational programs, coastal population, commercial and recreational fishing, tourism, and energy facility, among others, calls for state-like treatment for Puerto Rico. As portrayed by my statement, Puerto Rico devotes a lot of time and effort to the conservation and development of the fishery and living species along our coastal area. What we need is the resources to put a lot of creativity to work for the benefit not only of Puerto Rico but as part of a concerted national effort for the permanent and continuing enhancement of our Nation's marine resources.

I strongly urge the Committee to amend Section 5(d)(1) of S. 800 to give equal treatment to Puerto Rico and to enact this legislation which is so urgently needed to rescue such valuable activities of national interest.

STATEMENT OF JOHN D. KRAMER, SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION

John D. Kramer, Secretary of the Illinois Department of Transportation, 2300 South Dirksen Parkway, Springfield, Illinois 62764, respectfully submits the following written testimony on S. 800, the Ocean and Coastal Development Impact Assistance Block Grant Act.

INTRODUCTION

Illinois' sixty miles of Lake Michigan shoreline, the waters and bed of Lake Michigan and the adjacent shorelands are one of the most important natural resures of the State. From the heavy industrial area of Chicago's far southside to the unique natural areas of Illinois Beach State Park just south of the Illinois-Wisconsin border, Illinois' coastal area is a unique microcosm that reflects a broad range of coastal problems and opportunities. The value of Illinois' Lake Michigan resources cannot be overstated. A prime example is the fact that Lake Michigan is the drinking supply for over 5 million people in northeastern Illinois. By the year 2000, this number will grow to 6.7 million people.

Illinois faces several significant coastal issues that can only be adequately addressed through a revenue sharing concept. These major issues include navigation and port development, industrial revitalization, shoreline erosion damages, recreation and fisheries improvement.

Waterborne commerce and associated industry are an important element of Illinois' economy. Illinois needs financial assistance to improve this important coastal economy through market studies, upgrading facilities and improving the infrastructure of the port to attract new industry.

Lakefront industry has also played an important role in Illinois' coastal economy. Illinois needs the financial assistance from HR 5 to develop the appropriate policies and conduct economic location studies to attract coastal dependent industry at the proper locations and to effectively mitigate any adverse impacts, through such measures as establishing buffer zones and creating new recreational facilities.

Shoreline erosion continues to be a significant problem for both public and private shoreline property owners. Illinois Beach State Park, Illinois' only lakefront state park, encompassing seven miles of shoreline, has unique environmental areas that are in immediate danger of being permanently lost. Damage to public and private property exceeds eight million dollars per year. The park needs adequate protection along much of its seven mile shoreline if it is to continue to function as a recreation and nature preserve area.

The need for adequate recreational facilities along Illinois' lakefront has and will continue to be a pressing problem. Major improvements to the state park, as well as to local government facilities, are desperately needed. A very special need within the City of Chicago will be the 1992 Chicago World's Fair. Having recently been given final approval to host a World's Fair along Chicago's lakefront, there is now a need for the development of environmentally sound plans for the construction of the new landfill. Preserving and creating new wildlife habitat areas and recreational facilities for use both during and after the fair will require expert planning and commitment of financial resources on a very large scale.

Finally, Illinois needs to develop a program to better manage and utilize the fisheries resource of Lake Michigan. Protection and creation of spawning grounds, stocking programs for lake trout and salmon, and educational and safety programs to promote this important recreational and economic resource are items deserving of future attention. Coupled with this is the need to provide adequate fishing facilities, such as launching ramps, marinas and fishing piers.

COASTAL ZONE MANAGEMENT

Illinois supports the concept of sharing a percentage of the revenues received from outer continental shelf oil and gas leasing activities with coastal states for purposes of improving the management and use of coastal areas. We strongly support the intent of the legislation to provide grants from this fund to all eligible coastal states for a variety of coastal zone activities.

Illinois, like three other Great Lake States and several marine coastal states, currently does not have an approved Coastal Zone Management (CZM) program. Illinois did participate in the development of a Coastal Management Program from 1974 to 1978 but we did not move to the implementation phase because we did not have the necesary legislative authority to implement an approved CZM program. Coastal Zone management activities have remained a priority, however, but have been somewhat limited due to a lack of available state funds. Because sound coastal management activities are necessary in all coastal states, we believe the legislation should provide a base grant to all coastal states, regardless of their participation in the federal CZM program.

Sound coastal management planning is necessary in all coastal states, regardless of participation in a federal CZM program. To ensure that this is accomplished nationwide, Illinois supports the concept of allocating base grants to all coastal states and territories, regardless of their participation in an approved CZM program. The approach Illinois believes is most equitable and would accomplish the intent of the legislation would be to provide a higher level of base grants to all coastal states and territories, with supplemental grants to those states with specific problems relating to the development of OCS oil and gas facilities along or adjacent to their shoreline. Illinois also suggests that any requirements of the use of block grants be carefully worded to allow coastal states the flexibility needed to direct funds to those coastal management activities and mitigation efforts that a state finds of highest priority.

SEA GRANT PROGRAM

We also support including the National Sea Grant Program as an eligible recipient of block grant funds. Last year, Illinois and Indiana combined to form the Illinois/Indiana Sea Grant Program. This program was established because of the pressing need that both Illinois and Indiana share for more research on critical economic and environmental problems, as well as the need to establish a marine extension and education program. The Sea Grant Program is an important complement to our coastal zone management activities.

CLOSING

The State of Illinois appreciates the opportunity to submit written testimony before this committee outlining our views and concerns. We will be pleased to provide further information if needed.

AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS,
Washington, D.C., March 30, 1983.

Hon. BOB PACKWOOD,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The American Society of Landscape Architects (ASLA) is aware that your committee is presently considering legislation to establish an ocean and coastal resources management and development block grant program.

We enthusiastically support this program and urge your committee to favorably report out the legislation.

ASLA represents landscape architects working in private professional practice, professional work in the public sector, and academic practice. As a profession that plays an important role in natural resource planning, we recognize the importance of our nation's coastal areas. ASLA supports governmental action—federal, state and local—to protect and, in some cases, preserve our coastal areas as well as to provide for appropriate development of the coastline. We supported the Coastal Zone Management Act of 1972 and the Act's 1976 amendments.

ASLA has gone on public record in support of getting our nation back on a strong economic footing; and, as a profession we are willing to make sacrifices which are inherent in any program of budget reduction. However, we believe that funding restraints should not be placed on certain programs which have produced public benefits in excess of the costs of the program. In our opinion, the coastal zone management program is such an example.

We believe that the legislation your committee is now considering, and a similar bill in the House (H.R. 5), will provide the necessary financial means for coastal states to continue their programs, at least at existing levels.

Furthermore, since the administration is proceeding with an ambitious Outer Continental Shelf (OCS) program—planning to offer nearly one billion acres on the OCS for leasing in the next five years—it is vital that the states have adequate means to conduct careful planning in order to protect coastal resources, accommodate the development of major energy facilities, and to provide adequate public facilities and services.

Finally, ASLA considers coastal zone management an important factor in conserving the quality of our visual environment as well as protecting irreplaceable resources and guaranteeing their integrity.

We appreciate the opportunity to express our views. It is requested that this letter be made a part of the hearing record.

Sincerely,

THEODORE J. WIRTH,
President.

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